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Yeltsin's cabinet Reshuffle speculation builds

Today's surveys

European Stock Exchanges • Sheffield Separate section, Pages 23-26



Weekend ${f FT}$ The unsolved case of the grey matter

FRIDAY FEBRUARY 28 1997

World Business Newspaper http://www.FT.com

IN TOMORROW'S WEEKEND FT face values: portraits. watches and beauty spots in

how to spend it magazine

Siemens seeks partner for defence division

German electrical group Siemens is hunting a partner or bnyer for its defence electronics husiness. The division's 5,000 employees, most of them in the UK, have been told that Siemens plans to find potential partners and does not exclude an outright sale. The moves comes after Britain's defence ministry cancelled an order for an electronic warfare systems after Siemens Plessey, the group a electronics arm, had spent \$50m (\$81m) on development. Page 15

Turks in schools boycott: Turkish children across Germany stayed away from school to protest against a new law which obliges them to apply for residence permits to remain in the country. The Association of Turkish Communities in Germany estimated tens of thousands of children had taken part.

Watchdog for Italian market: Rome is expected to appoint Tommaso Padoa Schioppa chairman of Consob, the stock market watchdog. Mr Padoa Schioppa, deputy director general of the Bank of Italy, will replace Enzo Berlanda, whose five-year term ends today. Page 3

Warner Village to grow in Europe: Warner Village plans to expand across Europe, building over 300 new multiplexes with more than 3,000 screens by 2,000. The company is a joint venture between Warner Bros and Austra-

lia's Village Roadshow. Divorce legalised: Hundreds of Irish couples were expected to file for the dissolution of their broken marriages after divorce was legalised in Roman Catholic Ireland for the first time.

Georgia, Armenia cut off: Ex-Soviet Georgia and Armenia had their natural gas supplies cut off over unpaid bills to a Russian-Turkmen joint venture, Armenia said it had ample fuel reserves but Georgia relies on the gas for 50 per cent of generating capacity in winter.

US threatened with litigation: Japan may take the US to the International Court of Justice over an American to impose sanctions on Japanese shipping companies. The sanctions will mean a \$100,000 fine each time a vessel owned or operated by three shipping companies enters a US port from abroad. Page 14

Copper claims denied: The owners of the UK metal broker being probed over the Sumitomo copper scandal deny that Winchester Commodities helped manipulate the market. Charlie Vincent and Ashley Levett insist Winchester's role was a legitimate "hedge". Page 9

Durable goods orders up: Orders for US durable goods surged 3.6 per cent in January, largely on revived demand for communications equipment and electronic components. The increase followed two months of falls. Page 4

French businessmen investigated: Martin Bouygues, chairman of big French construction group Bouygues and Patrick Le Lay, head of Bouygues-controlled TV station TF1, were put under formal investigation as part of an anti-corruption clampdown. Page 2

Widow wins right to use sperm: Britain's Human Fertilisation and Embryology Authority will let widow Diane Blood, 31, have a baby using her late husband's sperm. The authority initially refused her permission because her busband had not given his written consent.

Slim TV on sale: NEC has started selling the world's thinnest television, with a picture quality the Japanese electronics giant says equals that of ordinary TVs. The Plasma X is 99mm

Orchestra bows to reality: Vienna Philharmonic Orchestra musicians voted to end their male only recruitment policy. A harpist will be the first woman admitted. Observer,

FT.come the FT web site provides online news, comment and analysis at http://www.FT.com

III STOCK MARKET IN	HCES	0.100 H	
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Europa, Page 12

Government to spend up to FFr20bn package to rescue insurance group

France unveils GAN rescue plan

By Andrew Jack in Paris

The French government announced a rescue plan yesterday for GAN, the troubled state-owned insurance group, which could cost the country's taxpayers more than FFr20bn.

The state will inject FFr11bn (\$1.92bn) in capital during 1997 and provida guarantees against future losses in its property portfolio currently estimated at FFr9hn, while pushing for the rapid sale of loans and preparations for the privatisation of the group. That comes on top of FFr2.9bn in state aid already provided to GAN in 1995.

The news is set to trigger a state intervenes massively to year from the heads of both

fresh row in France, coming shortly after estimates for a second rescue package for Credit Lyonnais, the state-controlled bank, have been placed hy the European Commission in Brussels at FFr30bn, bringing total state aid to the bank up to FFr50hn.

Mr Jean Arthuis, finance and economics, said a combination of rapid expansion in property lending activities and a "hazardous" policy of cutting insurance premiums had led to accumulated losses at GAN of FFr35bn since 1992. "GAN finds itself today in a

dramatic situation," he said. "The size of the losses and difficulties demands that the

"GAN finds itself today in a dramatic situation. The size of the losses and difficulties demands that the state intervenes massively to allow [the group] to get back on track for the future."

allow [the group] to get back on track for the future." He said that he would push ahead with a privatisation of GAN and CIC, the regional banking network it controls, during 1998, while adding that the two entities could be sold together to separately.

Severe opposition to the government's previous plan to sell CIC to a rival French bank last companies among others, scuppered the privatisation and led to Mr Arthuis sacking the chairmen of both GAN and

CIC in November. Mr Arthuis said that he had asked Mr Didier Pfeiffer, the replacement chairman appointed to head GAN, to make an assessment on who bore blame for the failures of

considered justified.

GAN issued a statement yesterday evening after its board met to approve the provisional accounts for 1996, which it said would show a loss for the year of FFr5hn after taking additional property provisions of FFr14bn.

While the state yesterday

placed the total value of its previous and current rescue plans for GAN at FFr23hn, the final hill could be higher, since it bas agreed to provide get deficit. guarantees without clear limits against total losses of the property portfolios of the

The sale of CIC could also the past and to launch any trigger a capital loss in the legal proceedings which he accounts of GAN requiring

group.

additional support from the state, since they are recorded in the accounts of the group at sbout FFr14hn, while the hids made in last year's abortive privatisation valued it at nearer FFr10bn.

However, Mr Arthuis stressed that the final costs would he offset by privatisation proceeds from GAN and CIC. He added that the recapitalisation charges would not contribute to the state's bud-

As part of yesterday's plan, GAN will huy out the remaining publicly held shares in its quoted property subsidiaries UIC and Sofal.

Lex, Page 14

Sinn Féin chief 'unwelcome' in Washington

By John Kampfner in London

The US bas told Mr Gerry Adams, Sinn Féin president, be will not be granted a US visa, but has invited leaders of Ulster's other main parties to a St Patrick's day reception next

The message was being seen in London and Dublin as the most robust sign yet that the US government intends to keen the political wing of the Irisb Republican Army out in the cold for as long as it takes to secure a restoration of an IRA ceasefire.

By contrast, leaders of the political parties representing loyalist paramilitaries in Northern Ireland have, as last year, been invited to the White House party on March 17, the high point of the Irish-American calendar.

The lovalists have repeatedly threatened to resume violence in response to each attack by the IRA, but their ceasefire has beld, except for a couple of isolated incidents. The US position, consoli-

dated during a visit to London last week by Mrs Madeleine Albright, the naw secretary of state, marks a change from 1996 when Mr Adams was allowed to visit the US but not to take part in fund-raising activities.

on Northern Ireland's future. Those talks, which began last June, are expected to be adjourned in the next few weeks until after the UK general election, which is due by May.

The IRA ended its 17-month ceasefire in Fehruary 1996 when it set off a homh the Docklands district of London, killing two people. That was followed by a string of attacks in London, Manchester, at a British base in Germany, and at Northern Ireland military headquarters in Lisburn.

"We told Adams a year ago the only reason we would allow bim into the country was to bear face-to-face how disappointed the administration was at the resumption of violence," a US official said. "It has now been intimated

to him that it would be inconvenient to apply for a visa waiver," the official added. "We presume be understands what we mean."

Top of the guest list at the White House will be Mr David Trimble of the Ulster Unionists and Mr John Hume, leader of the moderate nationalist Social Democratic and Labour party, as well as MPs from smaller unionist and loyalist parties.

action coincided with an IRA



St Peter's Basilica in Rome is about to undergo a facelift in time to celebrate the millennium. Italian oil group Enl has been signed up by the Vatican to help with the three-year structural survey and cleaning operation. Story, Page 14

Brussels set to block Anglo purchase

By Emma Tucker in Brussels

glomerate, unless the South shareholding in Lourbo. It has made it clear that any attempt African mining bouse makes substantial concessions.

Brussels' fears about the impact of the deal on the platinum market are understood to The disclosure of the US be so deep-seated that Anglo will be hard-pressed to offer remedies that will satisfy the competition scrutineers.

The commission is prepar ing to send Anglo its list of objections to the purchase. One person close to the negoti-ations said: "The statement of

The European Commission halfway through its four- Miert, the competition com- stake gives Anglo de facto may block Anglo-American's month investigation, under missioner, would approve the control of Londro and a domiacquisition of a substantial merger regulations, of Anglo's deal now looks even slimmer. stake in Lonrbo, the UK conacquisition of a 28 per cent Mr Van Miert has already

until early May to reach a by Anglo to take control of

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MAKE ITA

LEAP YEAR

nasty." The commission is chance that Mr Karel Van He believes the 28 per cent nant position in the platinum

> Continued on Page 14 Lex, Page 14

Corporate raider abandons

approach, he realised a profit

of \$130m on the transaction. Mr Icahn was not available for comment, but Wall Street analysts said he had taken the opportunity to sell because it nacame clear that he would losa the fight for control of R.IR Nahisco at the company'a annual meeting on April 16.

price with his hostila cult for Mr Icahn or any other dissident to gain the approval

threat of litigation.

RJR Nahisco's share price ning of this month to \$37% at Wednesday's close - a rise of more than 15 per cent in less than four weeks. Yesterday it was off \$% at \$37 in early trading, reflecting Mr Icabn's exit. Mr Icahn started accumulat-

Lex, Page 14

This year, some will be happy standing to funds of over £400 million with the

still. You, on the other hand, will have right team and the right experieoce greater ambitions. You wish to leap to help you. You'll be dealing with ahead. Grah that MBO or MBI of £20 our most senior people who will act million or more hy the horns and make decisively on your behalf. And all you it happen. Your first step, or leap. have to do is call us on 0171 628 6366 would he to talk to us. We're advisors and we'll jump to your attention.

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The US administration has statement yesterday admitting made clear for some time its the murder earlier this month support for the positions of the of Lance Bombardier Stephen Restorick, a British aoldier, British and Irish governments, insisting on a ceasefire as a who died at an army checkprecondition for Sinn Féin par-ticipation in multi-party talks

point in the border village of Bessbrook, Co Armagh. battle for RJR Nabisco Ona of Mr Icahn's prime absolves the industry from the By Richard Tomkins objectives had been to force a in New York spin-off of RJR Nabisco's food Mr Carl lcahn, the US business. But Mr Roy Burry, rose from \$32% at the begincorporate raider, yesterday an analyst at Oppenheimer & Co, said RJR Nabisco had recently reiterated its intenabandoned his long-running battle to seize control of RJR Nabisco, the US tobacco and tion to spin off the food busifood group, hy selling his 7.3 ness by the end of next year, per cent stake in the company for \$738m. with or without Mr leahn. Mr David Adelman, an analyst at Dean Witter Reynolds. The deal marked the complepointed out that RJR Nabisco had also improved its profittion of a classic raid by Mr Icalm, who made his name in ability over the last year and the 1980s with a series of similar manoeuvres. Having belped seen a big increase in its share price. "That made it very diffi-

of shareholders," he said.

sharply in the last few weeks, partly because tha industry has not lost any important court cases recently and partly because of hopes that tobacco manufacturers and Congress will reach a settlement that

US tobacco stocks have risen 19.9m shares, or 7.3 per cent,

ing RJR Nabisco stock at the end of 1995, when he joined the corporate raider Mr Bennett LeBow in an attempt to seize control of the company. When that failed, he announced ha would renew his proxy fight this year without Mr LeBow. Mr Icahn huilt up a stake of paying an average of just over \$30. The shares were placed by Goldman Sachs with unnamed investors on Wednesday night

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LONDON - LEEDS - PARIS - FRANKFRET - STOCKHOLM - MADRID - MEW YORK - LOS AMGELES - TOKYO - HOMG KOME

By Tom Burns in Madrid

centre-rigbt Spain's government is expected today to set up an independent commission on corporate governance, in an attempt to overhaul the sometimes arcane and opaque conduct of Spanish boardrooms.

Mr Cristobal Montoro, secretary of state for the economy, said the initiative was a key element in a package of deregulatory measures the government will introduce this year to liberalise the domestic economy ahead of monetary union.

The commission - eight members from business and academic circles - will have four months in which to draw up a code of best prac-tice that will be modelled on the UK's 1993 Cadbury report on corporate gover-

Recommendations are likely to include smaller boards with a strong repre-sentation of independent directors having full access to the company's husiness activities, limitations on boardroom remunerations and the creation of internal auditing committees.

The initiative is tremendously important," said Mr Guillermo de la Dehesa, president of Spain's joint chambers of commerce.

"We have political democracy but not corporate democracy.'

The widespread perception is that many companies are run by unwieldy boards whose members, bound by family relationships or other ties, are well remunerated in return for little work.

Companies are frequently criticised for lacking transparency and failing to respond to shareholders' Observers cite Banesto.

the large banking group which three years ago was found to have grossly overestimated its assets, as an extreme case which dem-onstrated the need for

Its former chairman, Mr Mario Conde, who is on bail on fraud charges, packed the board with his nominees after he took control of the bank in 1987.

Mr de la Dehesa, the new chairman of the CNMV, ings. But the colleague Spain's stock market commission, Mr Juan Fernández | tributed most to it was not Eguidazu, a senior partner of brokers AB Asesores who last year brought Sir Adrian Cadbury and other business code experts to Madrid for a forum on corporate governance, have been at the forefront of calls to enforce accountability and disclosure procedures.

The CNMV's Mr Fernandez Armesto raised the issue this month of the potential conflicts of interest that could result from core shareholdings owned by big domestic banks in listed companies.

These banks could have excessive boardroom control. The government believes moves to improve corporate governance complement lts drive to widen share ownership though privatisation

and tax incentives.
The sale two weeks ago of the government'a remaining 21 per cent stake in Telefónlca was accompanied by the introduction of corporate governance procedures including the appointment of outside directors to the telecom operator's reduced

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Chairman of Bouygues and TF1 chief alleged to have misused corporate assets

French businessmen in probe

By David Owen in Paris

Two French top businessmen were placed under formal investigation yesterday, joining a growing list of captains of industry and finance to have suffered this indignity since the start of an anti-corruption clampdown in 1993.

Mr Martin Bouygues, chairman of the big French construction group that bears his name, and Mr Patrick Le Lay, head of TF1, the French commercial television station it controls, were mis en examen hy a Versailles judge for alleged misuse of corporate assets.

The two men were summoned for questioning on down FFr1.70 at FFr157.30. the Normandy auspension come less than a month after funds" if the company got Wednesday as part of a

Mr Bouvgues was held in custody overnight.

Philippe Chalendon, com-Bouygues Offshore, the coming unit - was also placed under investigation. Bouygues would last night

make no comment about the decisions, except to emphasise that the men would continue "fully" to exarcise their corporate functions. The markets seemed little perturbed: Bouygues shares closed ahead FFr1 at FFr548; Bouygues Offshore was

probe into alleged false under investigation for more company is appealing invoices involving some 40 than a year in connection against the decision. companies in the Paris area. with a separate inquiry. This involves allegations that the companies awarded the Bonygues may have fun-A third executive - Mr nelled money via Swiss bank seat Stade de France, which accounts held by Mr Pierre will house the final of the mercial director of an arm of Botton, a Lyons business-

> mayor of Lyons. Last February, Bouygues was among the companies fined by the French competition council for price-fixing and other anti-competitive behaviour in public sector accused 36 French companies of creating cartels for contracts ranging from the TGV high-speed railway to

Bouygues is also one of

contract to build the 80,000-1998 football World Cup. Tha man who is the son-in-law of European Commission last pany's oil and gas contract. Mr Michel Noir, the former month started legal action against the French government over its award of the contract, alleging the government ignored EU single market rules. The company recently estimated 1996 profits would reach FFr650m (\$114m). in 1995, it reported losses of PFr2.9bn, after including FFr3.3bn in exceptional provisions.

Yesterday's developments Mr Bouygues has been bridge over the Seine. The France's supreme court something in return.



ruled that bribes did not constitute "misuse of corporate

of the Far East military district, has

intensified speculation that Mr Rodionov's job may be on tha line.

But sceptics point to Mr Rodion-

ov's popularity both among the mili-

tary's rank and file and with profes-

sional officers and say the president

may hesitate to oust the minister for

fear of provoking Russia'a already

Anxious speculation about what

changes next week'a presidential

address will bring to the cabinet

have not distracted attention from

the most important mystery the

speech is expected at least partially

The address, which usually lasts

much put-upon armed forces.

Coalition bid in Estonia

EUROPEAN NEWS DIGEST

Berisha set

for new term

Albania's President Sali Berisha is expected to be

re-elected by parliament for a second five-year term next

week, despite a mounting political and financial crisis.

The national currency, the lek, fell sharply yesterday to

around 150 to the US dollar from 140 a day earlier and has

been devalued by more than a third since the year began

schemes, which has wiped out many people's life savings.

Democratic party's presidential candidate and is likely to

rightwing party controls 122 of the 140 seats in parliament

following last year's general election, which was widaly

violence. The leading opposition Socialist party, which

won 10 seats, is still boycotting parliament and has

condemned by for alleged ballot-rigging, intimidation and

refused to take up its seats since the election in May last

Kevin Done, London

Mr Berisha was nominated yesterday as the ruling

be re elected by parliament next week unopposed. The

The country has been thrown into turmoil by the

collapse of a string of fraudulent pyramid finance

Mr Mart Silman was named yesterday to form Estonia's next government. He has two weeks to put together a coalition and win approval from the fractious 101-seat parliament. His appointment came two days after the previous government fell following a scandal involving the the sale of apartments.

Mr Siman, who comes from the Coalition party, which has been in power since 1995, started talks with other parties when Mr Tiit Vahl, his predecessor, announced his intention to resign. Mr Vähi'a minority government became untenable following disclosures that his daughter and other officials bought apartments in Tallinn, the capital, at below market prices.

The government will be the country's fourth in two years. The 1995 general election resulted in a divided parliament marked by weak voting loyalty Despite the political turbulence, however, economic policy has held steady, bringing sustained growth and foreign Matthew Kaminski, Kiev

Latvia fills finance post

Mr Robert Zile, a western-trained economist and chairman of the Latvian parliament's budget committee, yesterday filled the long vacant post of finance minister. Controversy over the previous appointment - of Mr Vasily Melnik, a businessman publicly attacked for alleged conflict of interest - brought down the government last month. Mr Andris Skele, the prime minister, resigned and then put together a new eight-party coalition.

Mr Zile, who is from the right-of-centre Fatherland and Freedom party, has won respect for his work on getting the balanced 1997 budget through parliament. He has backed another deficit-free package for next year. Riga'a financial community yesterday welcomed his confirmation, noting his reform credentials and Matthew Kaminski

La Poste gets a break

The lower court of the European Court of Justice yesterday upheld France's right to give a tax break to the state post office. Rejecting an appeal by five French insurance groups, it said the tax advantage was acceptable under European Union rules since it helped the post office meet its public service obligations. The insurance groups had challenged a 1990 law

allowing La Poste to offer insurance services and granting it a reduced local tax rate. They argued that the concession allowed the post office to cross-subsidise its insurance activities.

The court supported the European Commission, which found that the tax concession was less than the economic burden of La Poste's public interest responsibilities, for instance its obligation to operate post offices in unprofitable rural areas. Reuter, Brussels

■ Mr Emil Constantinescu, Romania's new president, has d Bucharest "was ready borders - a gesture aimed at improving relations. The two countries have disputed ownership of a Black Sea island.

ECONOMIC WATCH

Dutch growth accelerates

Dutch QDP Annual 96 change 1993 94

by 2.8 per cent in the final quarter of last year, according to provisional figures from the central statistics bureau. As the nace quickened through the year, this left gross domestic product for all of 1996 at 2.7 per cent, against 2.1 per cent the year before. The bureau said investment was rising and

The Dutch economy grew

foreign trade showing an upturn, but individual apending was also growing steadily. Consumer spending rose 3.1 per cent in volume terms last year,

according to separate data yesterday, the highest growth in five years and up from an average 2 per cent in 1994-95. Outlaya on durables rose 4.2 per cent, against only 0.7 per cent the year before. Food purchases were up 2.4 per cent. Consumer confidence indicators for this month and January showed continued strength, according to the statistics bureau. Gordon Cramb, Amsterdam

■ Belgian consumer prices fell 0.12 per cent in February from January but were up 1.98 per cent year-on-year. Swiss consumer prices rose by 0.2 per cent in February from January, taking 12-month inflation to 0.8 per cent. ■ Norwegian unemployment fell to 3.8 per cent in February from 4.1 per cent in January.

Russian defence chief's future in doubt

admitted misuse of prior

knowledge, in a deal with

prosecutors which kept her

repay the earnings plus a

fine of perhaps equal size -

and, according to most

Mr De Bièvre chose to

that at 1pm on Tuesday, in a

meeting with Mr Jan Kalff,

ABN Amro's chairman. The

bank contacted the prosecu-

tors, and discussions contin-

same time Mr Kalff was pre-

paring to present the group

terday, for which staff

worked until 1.30 in the

morning, and to fly to Lon-

don for a brief visit to insti-

tutions before returning for

Beyond expressing sad-

ness, Mr Kalff was reluctant

to discuss the issne. He pre-

ferred to stress the "rejolce-

ful" F13.3bn profits, up by

more than a quarter. This

was achieved in spite of a

sharp rise in staff costs,

which included a 40 per cent

boost to bonuses for thou-

sands of those in Mr De

Blèvre's investment banking

Their boss will collect his

entitlement and, on turning

60 in August, draw an early

that its compliance rules are

adequate. Weaknesses in

earlier controls led to the

departure in 1992 of Mr Wil-

lem Scherpenhuijzen Rom as

chairman of ING, a main

ABN Amro is convinced

the dinner.

division.

Within the past few rival, after ooly 12 weeks. months Mrs De Bièvre ABN Amro results, Page 16

profits announcement ves-

the consequences.

By Chrystia Freeland in Moscow

Russian president Boris Yeltsin yesterday summoned a popular general from the Pacific region to the Kremlin, fuelling speculation that the defence minister may soon be sacked.

The meeting with Gen Viktor Chechevatov, followed a presidential reprimand earlier this week for Mr Igor Rodionov, minister of defence, for his frequent and sensational public complaints about the financial

crisis in the armed forces. Uncertainty about the minister's future is part of the nervous anticipation surrounding a cabinet shuffle which has gripped Moscow'a political circles ahead of next week's state of the nation address by Mr Yeltsin. The annual speech has taken on

special aignificance this year following Mr Yeltsin'a quintuple heart bypass surgery last November and double pneumonia in January - illnesses which sidelined the Kremlin leader from public life for more than

Hundreds of ABN Amro

executives gathered in the

Dutch seaside town of

Noordwijk last night for

They were there to cele-

brate a surge in 1996 earn-

whose department had con-

there. Mr Louis de Bièvre

quit on Wednesday as head

of investment banking and

global clients, with a seat on

Ending a 33-year career at

the bank, he cleared the

Ajax football memorabilia

from his desk and headed for

an unknown destination

• his wife Caroline had

• her information came

from phone conversations

she had overheard him make

• the offence, in 1992,

involved a company for

which the hank itself was

she bought shares

through another broker, said

to be foreign, rather than

using ABN Amro's own

equity dealing department

as its rules required;
• he had kept quiet for

years about the investiga-

tion to which she became

It emerged yesterday that

the company involved was

Breevast, a aemi-dormant

emerged from the collapse s

decade ago of Bredero, a

large builder. In two months

from November 1992 its

shares shot up from less

than F19 (\$4.76) to peak

above Fl 15. The rise started

at home;

planning to bid;

after acknowledging that:

admitted insider trading.

the nine-member board.

their bank's annual dinner.

his working pace recently, now appears determined to reassert his political authority. One way of doing that, as he hinted this week in a televised conversation with Mr Victor Chernomyrdin, the prime minister, would be to shuffle the cabinet.

Mr Yeltsin's suggestion that "a reorganisation of the government" would be announced following his speech next week, was enough to put Moscow's political establishment on tenterhooks.

Izvestia, the nation's biggest daily newspaper, made the boldest prediction with a banner headline story announcing that Mr Chernomyrdin would be sacked.

Citing a cahinet aource, the newspaper said the tenacious premier's fate "was practically decided" among possible replacements were Mr Anatoly Chubais, chief of staff and Mr Igor Stroyev, speaker of the upper house of parliament. Other, well placed observers were

dubious about the Izvestia rumour. One Moscow banker, who played a

Banker pays price for

wife's insider dealings

Gordon Cramb reports on how star executive

Mr De Bièvre

(above) will

collect his

bonus and

retire early

before ABN Amro, which as

Breevast's main banker saw

untapped value in its books.

announced it would make a

The bank withdrew that

plan once the state slapped a

large tax claim on Breevast.

but in the meantime Mrs De

Bièvre had made a profit

estimated at Fl 500,000

(\$265,000). So thinly were

Breevaat shares usually

transactions attracted the

attention of stock exchange

surveillance authorities, and

an investigation began the

Within the past few

following year.

of ABN Amro was brought down to earth

The president, who has stepped up key role in Mr Yeltsin's re-election campaign last year and ratains close ties to the Kremlin, said Mr Chernomyrdin would keep his job but added rumours had been carefully planted to remind him of his political dependency on Mr Yeltsin.

Several Russian newapapera agreed. The country's main business daily ran a story yesterday under the headline: "There is no doubt that Mr Chernomyrdin will remain prime minister.

Obahchaya Gazeta, another Moscow newspaper, said: "It is possi-ble we are dealing with an intentional disinformation leak. Apparently, there is a need to reduce the prime minister's popularity rating which grew during the president's

The other main target of the rumour-mongers is Mr Rodionov, whose bitter complaints about the lamentable state of the army have put pressure on the Kremlin and the cabinet to boost military funding.

with Gen Chechevatov, commander

about 40 minutes, will be delivered live, in the presence of Russia'a parliamentarians and broadcast on national television. Mr Yeltsin has not spoken for that long in public aince last June. The state of the nation address will be the toughest test the president has yet faced of Mr Yeltsin's meeting yesterday his aides' contention that the Russian leader has recovered.

Delors proposes idea of protocol for Maastricht

By David Buchan in Paris and Andrew Fisher in Frankfurt

Mr Jacques Delors, former European Commission presiout of court. She had to dent, yesterday floated the idea of attaching a protocol to the Maastricht treaty accounts, her husband had which would spell out bow to tell his bosses and face European governments would co-ordinate economic policy in support of monetary union.

Speaking at s Goldman Sachs conference in Frankfurt, Mr Delors, whose 1989 report provided the blueued into that night. At the | print for economic and monetary union (Emu), saidrecent policy co-ordination was "not encouraging". He suggested a protocol taking in the stability pact

agreed last December on financial disciplines in Emu, but "adding to it the procedures and means for a realistic co-ordination of macroeconomic policies".

Few aupporters of monetary union have wanted to touch the Emu provisions of the Maastricht treaty for fear of unleashing a wbolesale renegotiation that would tear it to pieces.

However France in particular has been pushing for an advance agreement on how governments could influence the planned European central bank without putting in question its independence on strict monetary

Mr Delors avoided endorsing the French term of "economic government" - which he acknowledged cauaed anxiety in Germany - but cited the Bundesbank statutes requiring the German central bank to take employ-

convert their systems to handle the euro by the end of last year, Most Belgian and German banks had started conversion projects by spring 1995, and most French banks by the beginning of 1996.

building societies interviewed,

British banks are lagging

according to a survey by Coopers and Lybrand, the

firm, and the European

Marketing Association,

writes George Graham.

three had not begun to

counterparts in preparations

for European monetary union,

accountancy and consulting

Financial Management and

behind continental

ment, growth and trade balances, as well as price stability, into account. His proposal would aim to put some flesh and muscle

on the bare bones of the Maastricht treaty's Article 103 hy which governments would set yearly "common guidelines" on EU economic policy. In an Interview yesterday,

Mr Jean-Claude Juncker, the Luxembourg prime minister whose country takes over the EU presidency in July said of Mr Delors' proposal "the idea is good, but the instrument [of a protocol] remains to be seen". At the conference in

Frankfurt, Mr Hans Tietmeyer, Bundeshank president, warmed of "dangerous wage conflicts", increased unemployment and pressure on countries' social security systems if the single currency was not built on a solid fiscal and economic

Malta's PM risks rift with Church over divorce government has Sant seeks consensus but issue is already raising hackles, writes Godfrey Grima

policy.

alta's new Labour government has hroken four months of silence since its surprise general election victory with a raft of new proposals, from tax reform through extending the huntfree education.

property concern which traded, though, that the

ing season to opening the door to legalising divorce. In the process, Mr Alfred Sant, the prime minister, has disappointed traders. alarmed the Church and ruffled the feathers of the environmental lobby.

The government's wish to legalise divorce is probably argued that allowing divorce the most controversial proposal and involves a perilous tangle with the powerful Spain, Italy or Ireland. "I Roman Catholic Church. A will be the first to defend the there will be no referendum. decade ago, Malta's then Church's right to oppose the

Labour prime minister, the move on moral ground," he fiery Mr Dom Mintoff, lost said. "But divorce is essenpower after insisting that tially a social issue." church run schools provide Mr Sant says he plans to

are overwhelmingly Catho- end of summer, establishing lic, and as many as 67 per a commission involving the cent go to church at least once a week. Malta is the last Catholic country in Europe to have kept divorce off its statute book.

In an interview Mr Sant would not make the Maltese less Catholic than people in

set in train a process of The island's 370,000 people national discussion by the Church, the christian democratic opposition Nationalist majority of the popular vote party and otbar social groups to seek a consensus.

The commission's recommendations would be accepted by Labour and put to parliament with the backing of the government's majority. Mr Sant insists The Nationalist party, led

by Mr Eddie Fenech Adami, has quickly lined up with the island's Catholic Archbishop, Mgr Giuseppe Mercieca, to attack the proposal. It points out that divorce

was not part of the election manifesto on which Labour won power with a decisive and a single-seat majority in parliament. That narrow parliamen-

tary majority may not be enough to see any proposals through if the issue degenerates into a confrontation between government and Church.

Asked if he would retreat

from the reform if consensus proved elusive, Mr Sant would only aay: "Let the debate take place first. Let's not consider hypothetical issues." As though the risk of a

run-in with the Church were not enough. Mr Sant has disimporting and trading community with a proposed new tax regime. Fulfilling an election pledge, he has published plans to abolish valueadded tax, a move backed by thousands of businesses which want their earnings to be less transparent.

However, Instaad

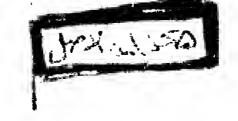
returning to the former system of import duties, he is suggesting a series of levies importers of goods other than food and medicine would be charged 15 per cent duty on goods shipped from Europe, and wholeazlers another 5 per cent. The 15 appointed the island's per cent VAT paid by service companies would be ronmentalists. In deference replaced by a 5-10 per cent

> Under this system, some 36,000 businesses would continue to collect revenue for the government, although retailers and some service providers would be freed. Even so, retailers would still

be obliged to keep their cash registers in place, which annoys those who believed abolishing VAT would make earnings less visible.

"Our members are in the business of creating wealth not playing part-time civil servants," says Mr Vince Farrugia, director general of. the militant General Retailers and Traders Union. Equally annoyed are envi-

to a pre-election deal with the hunting lobby - shooting game and trapping song hirds is enormously popular among Maltese - Labour has extended the hunting season, though hunters do hava to pay more for their gun



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Army aims broadside at Erbakan

Turkey's powerful generals are tough speeches and media intertoday expected to issue their strongest warning yet to Mr Necmettin Erbakan, the Islamist prime minis-ter, that he must respect the country's secularist system.

According to press reports, General Ismail Hakki Karadayi, armed forces chief, will deliver a report at the National Security Council's tary coups, However, although the regular monthly meeting, stating army has toppled three governthat Islamist extremists threaten the country's stability. He is also expected to demend that Mr Erbakan fully adhere to the consti-Erbakan fully adhere to the consti-tution, imposed after the last mili-of Mrs Tansu Ciller to collapse tary coup in 1980.

For more than a month, the gen-

erals have publicised their growing an opposition no-confidence motion the Islamists too far. In a reference Iran, prompted the military's fierce concern about Mr Erbakan through views. The army sent a column of tanks through a small town near Ankara after its Islamist mayor mede an enti-Israel speech and

Islamic law. These warnings recall ultima- secularist fascism." tums that preceded previous mili-tary coups. However, although the Mr Erbakan's uneasy coalltion

in parliament. Mr Erbakan has tried to ease tenmajority, but in a newspaper inter-Ankara after its Islamist mayor wiew yesterday he bit out at the made an enti-Israel speech and demanded the imposition of "If you do not let people live" according to their beliefs, that is

He underlined his government's legitimacy: "There is democracy in this country. Forget about tanks; look at the results of the election." ments since 1960, few expect lt to look at the results of the election." state. They wanted a ban on do so now. Neither do they expect His Refah party won 21 per cent of Islamic headscarves for women votes in elections in 1995 and forms the largest group in parliament. Mr Recep Tayyip Erdoğan, İstan-

to Algeria's civil war, he said: "If you pressure the people, we will sion with Turkey's secularist see the same massacres as in various countries around the world."

However, the government has taken few important Islamist initiatives since taking office eight months ago. In January, during the Moslem boly mooth of Ramadan, Refah ministers began calling for innocuous but symbolic reforms that would strike at the secular state. They wanted a ban on civil servants to be lifted and Mr Demirel denied sending the let mosques built in secularist strongholds of Ankara and Istanbul.

reaction and led to an upsurge in street demonstrations.

Turks have held regular nightly protests against government con ruption and erosion of the secular

Islamists say the protests are being exploited by leftwing extrem-

ists and Kurdish separatists. Newspapers yesterday said Presiremoved from power by the army, had called on Mr Erbakan in a letter to respect secularism. Although ter, it reflected private briefings with editors. The letter concluded under military pressure. On Tues- hul's influential Refah mayor. Suggestions like these, as well as "If you continue with this att day the government easily defeated warned the army against pushing attempts to strengthen ties with the regime will be in danger." Suggestions like these, as well as "If you continue with this attitude

Italian stock exchange | French economy rises

By Paul Betts In Milan

The Italian government is expected today to appoint Mr Tommaso Padoa than anyone alse to con-Schioppa chairman of the vince the banking system of country's stock market the importance of the marwatchdog, Consob. Mr ket," said Mr Francesco Ces-Padoa Schioppa, deputy arini, chairman of the stock director general of the Bank Enzo Berlanda, whose five-year mandate is ending.

He will be taking over at a called on to play a central role in transforming and financial markets. This includes privatisation of the year, the definition of stricter corporate gover-nance rules, and a series of big industrial and financial sell-offs, ranging from the Stet telecommunications

munity has supported Mr central bank. But in recent Padoa Schloppa's nomina-

"He has worked more Fazio, the governor. hureaucratic ideas."

Mr Padoa Schioppa'a move time when Consob is being to Consoh will accelerate the need for the Bank of Italy to find a new breed of top cenmodernising the country's tral bank managers to replace the old guard. His departure follows that of Mr stock exchange council this Carlo Azegllo Clampi, former governor and now treasury minister, and that of Mr Lamberto Dini, former director general who is now foreign minister.

From a technical standcompany to large banking point, Mr Padoa Schioppa The Italian financial com- respected members of the survey, separate section

years be was increasingly sidelined by Mr Antonio

Close to Mr Clampi, he had hoped to take over when Mr Ciampl became prime minister in 1993 but lost ont to Mr Fazio. The exchange council. "He is an following year, Mr Vincenzo of Italy, will replace Mr expert of great standing Desario was chosen to Ruzo Berlanda, whose five- who also does not embrace replace Mr Dini in the number two position as director

His international experience will be an additional asset m his new role at a time when the Italian financial system and markets are adapting to increasing international competition.

From 1979 to 1983, Mr Padoa Schioppe was the European Commission's general manager for economic and financial affairs in Brussels before returning to the Bank of Italy. was one of the most European Stock Exchanges

watchdog gets new chief 0.2% in final quarter

By David Buchan in Paris

The French economy grew by 0.2 per cent in the final quarter of last year, the official Insee statistics agency reported, providing a modest hase for faster expansion this year.

The estimate confounded many analysts' predictions tax revenue to allow it to that the French economy bad ground to a halt in the fourth quarter, after gross domestic product growth in the previous quarter of 0.8 per cent (which the agency yesterday marked down from its original prediction of 0.9 per cent) and after a drop in the second quarter now put at 0.1, instead of 0.2

per cent initially. However, the sharp fall-off in car sales, which declined by 15.7 per cent in the final quarter with the ending of a government subsidy to buyers of new vehicles, helped produce a 0.5 per cent fall in that they have stopped

growth pattern last year.

that growth will pick up points to overall growth last from 1.3 per ceot last year to "a minimum" of 2.3 per cent this year. This claim, if realised, should give it enough narrow the public deficit to 3 per cent of GDP and so qualify for European monetary

But this deficit elso social security financing estimates, is likely to overrun by FFr5bn (\$880m) the government's welfare deficit target of FFr30bn.

Contrary to the widespread impression that the French are so worried about tax increases and so depressed about their chron-

cember. This in turn largely the economy's main motor accounted for the see-saw in 1996. It increased by 2.3 per cent on average and con-The government predicts tributed 1.4 percentage year.

> Despite this promising news from the marketplace. French companies still tended to shed stocks and to postpone new investment for most of last year.

However, the fourth quarter may have seen a turning includes the shortfall in point. Destocking, which Insee estimated hed wiped which, according to latest 0.6 per cent off the 1996 growth rate, ended in early autumn and stocks rose in October-December. Likewise, company investment declined by 0.1 per cent in the fourth quarter, or less than the average 0.3 per cent

fall for the year. A year-end rise in ically high unemployment imported capital goods was



Workers et Greece's culture ministry vesterday suspended a strike which has closed the Acropolis temples and other monuments in Athens including the Erechtheion temples with its Caryatids (pictured above) to tourists for more than two weeks, Kerin Hope reports from Athens. The walk-out ended when Socialist government officials said they would try to boost allowances for culture ministry workers in a law being drafted on the management of Greece's antiquities.

The workers threatened that if their demands were not met, they would keep the monuments closed over Easter, when charter flights carrying tour groups start to arrive. They want the restitution of a special Dr32,000 (\$120) monthly allowance paid out of receipts from entry tickets and sales of postcards and guidebooks. The allowance, which edds 20 per cent to the everage salary, is being abolished under legislation to streamline civil service pay scales.

Mr Panayotis Stathoulopoulos, president of the federation of culture ministry unions, said: "We are the lowest paid workers in the Greek civil service, although we do some of the most significant jobs - protecting and conserving antiquities. The special allowance went some way towards read as a good sign by Insee. | covering the gap with other ministries."

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LEGAL NOTICES

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COMPANIES COURT

COMPANIES COURT

IN THE MATTER OF
ACKETT LIMITED

IN THE MATTER OF THE
COMPANIES ACT 1983

NOTICE IS HEREBY CITYEN that the
Critical Physical Court of Justice
(Chancery Division) dated 19th February
1997 confirming the reduction of the
capital of the shown ammed Company from
£1,650,100 to £980,100 and the Minuta
approved by the Court showing with respect
to the capital of the Company as altered the
several particulars required by the abovementioned Act were registered by the
Registrar of Companies on 21st February
1997.

Dated this 28th day of February 1997 IN THE MATTER OF THE CHAPTER AAND
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 29th January 1997 confineing the reduction of the capital of the above named Company from \$14,850,000 divided into 500,000,000 Ordinary Shares of 1p each and 244,500,000 Ordinary Shares of 1p each and the reduction of its share premium account by £300,000 and the Municipal of the Company malured de acvertal particulars required by the Registrar of Companies on the 20th day of February 1997.

Dated this 34th day of February 1997

Dated this 28th day of February 1997 Rowe & Maw 20 Black Frans Lane Loodon BCAV 6150 Ref: 406 Soficators for the said Company

No. 00467 OF 1997 IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION IN THE MATTER OF WILLS GROUP LIMITED

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NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice IChancery Division; dated 19th February 1997 confirming the reduction of the share 1997 contracting the resources of the super-pressions account of the above maned Company from £7.336,000 to £4.03e,000 was registered by the Registrar of Companies on 21st February 1997. Deard this 28th day of Pebnary 1997 Naberro Natherno

50 Stratton Street

LondonWIX 6NX

Ref: 8A/MXF/R1140/33



Ministry of Defence Requirement for Future Heavy Equipment Transportation MOD Reference - CBLV1b/1003

The British Army currently owns, operates and maintains e range of vehicles to transport a variety of heavy equipment and armoured vehicles in operational and non-operational roles. The transporters being used ioclude 115 tractor/trailer combinations dedicated mainly to carrying the Main Battle Tank and a further 103 smaller combinations to transport a variety of Armoured Fighting Vehicles. Due to the age of elements of the current transport fleet and changing EU leglisation (affecting particularly the transport of heavy loads), the Ministry of Defence has a requirement to replace the transporter providing the Main Battle Tank lift capability from the year 2002. In doing so it is intended to take into account the capability for the transport of all heavy loads.

To this end the MOD is keen to explore innovative proposals in line with the objectives of the Government's Private Finance Initiative (PFI). Industry are being invited to offer value for money proposals to satisfy the requirement. Details of the overall transportation needs and tasks are contained in advertisements which have recently appeared in the Official Journal of the EEC and the MOD Contracts Bulletin. The object of this advert is to invite any Company which may be capable of satisfying the requirement through a PFI solution to register their interest. A company may register interest by writing to the address below indicating relevant experience and ability. Responses are required by 17 March 1997. Following initial analysis of the responses, in order to more fully explore the potential and enable the scope of the requirements to be clarified, the MOD may hold preliminary discussions. A Pre Qualification Questionnaire (PQQ) will be issued to selected companies defining the requirement in more detail and requesting outline proposals and indicative prices (without commitment to contract). An invitation to negotiate the terms and services proposed would then be issued to shortlisted companies prior to the invitation to Tender (for

Ministry of Defence, Project Branch HLV(A) Yew 3A, Abbey Wood, Postal Point 36, PO Box 702, Bristol BS12 7DU Tel: 0117 91 31471 Fax: 0117 91 31912

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Pre-Qualification Calling for a Bid

International Bid SUPOC No. 001/97

COMPANHIA VALE DO RIO DOCE, by means of the Superintendency of the Port of Ponta da Madeira, renders it public that it shall make, in accordance with the provisions of Law No. 8.666/93, of June 21, 1993, a calling for en international bid of the "Technique and Price" type, under the conditions lonown as full contractorship, with the purpose of hiring a company for the furnishing and assembly of a sieving plant for iron ore granulation-making, such a plant to have a design for an output of 3,000 (three thousand tone per hour, working on a continuous basis for 24 hours, such a plant to be erected at the Port Complex of Ponta da Madelira, located at São Luis, in the State of Maranhão, in Brazil, the aforementioned furnishing and assembly of a plant comprising the following: the services of detail design, the manufacture, furnishing, civil works—the erection of worksites—, assembly of the electromechanical portion of the works—the running of the testing both on an idle basis—idle-running-testing—and the load-type testing—the carrying out of the sub-units of the plant with loads, for testing purposes——and the interconnection of the aforementioned sleving plant with the existing system. Term: 400 days.

The companies that shall be companies that shall meet the undermentioned bid shall be companies that shall meet the undermentioned bid shall be companies that shall meet the undermentioned it as the companies that shall mite into consortiums shall comply with the provisions set out in the Brazilian law as far as this subject is concerned.

A)They shall have available a corporate paid-up capital duly registered at the Commercial Board of the State where the company shall have its headquarters located in, or they shall have a rediscounce of their standing, by showing a certificate or certificates made by public companies, either of partity-private and partiy-public companies or companies, either of partity-private and

undermentioned:
- sieving systems for the classification of ones, with a capacity of at least 500 tons per hour.
- conveyor belts with a minimum capacity of 1,500 tons per hour. The companies that shall participate in the aforementioned calling for e bid, by means of license-giving companies or subsidiary companies, shall show along with the certificate referred to at letter b) hereinbefore, the documents that shall evidence the license-giving conditions or the existence of subsidiary set out herein.

The above-mentioned documents or instruments that the little of the license-giving conditions or the existence of subsidiary set out herein.

subsidiary set out herein.

The above-mentioned documents, or instruments that shall be equivalent to such documents, that shall originate from foreign companies must be translated into the Portuguese language and must be duly registered, stamped, acknowledged of by the Brazilian consulate in their countries—must show evidence of having been "consularized".

brazanar consular an mer countries —must show evidence or having been "consularized". The companies intending to participate of the above calling for a bid must show the evidencing documents mentioned hereinbefore at the Building of DEMAQ (an acronym which stands for the Department of Supplies and Contracts). Departement of Supplies and Contracts. Operatement of Supplies and Supplies of March, 1997. For further contacts the telephone number is (code for direct dialing purposes) (098) 218-4984 and 4987, and the fax is: (098) 218-4988.

This pre-qualified companies that have complied with the provisions set out in this calling for a bid, to be read by them and/or to be purchased, provided that the companies interested into euch a purchase give

for a bid, to be read by them and/or to be purchased, provided that the companies interested into such a purchase give evidence of having paid the amount of R\$ 500,00 (Five hundred Reais), such an amount to be paid at Banco do Brasil S.A. (the Bank of Brazil), at (Branch) Agència 0020-5, (Current account) Conte: 101.243-6, or at the Treasure Department of COMPANHIA VALE DO RIO DOCE, C.V.R.D., COMPANHIA VALE DO RIO DOCE reserves to itself the right to revoke, cancel, suspend or to make null and void this calling for a bid at any time and at its exclusive criterion, and no rights, advantages, claims and/or indemnifications whatsoever may be claimed by any of the participants of the calling for a bid hereinbefore cited.

Signed by Matheus Drumond Costa
For the Sectorial Commission for Bidding (the so-called Comissão Setorial de Licitação")
São Luis, State of Maranhão.

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relating to past trade missions. "What's it costing?

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dal broke at the end of the

last year - and especially

since Mr John Huang, a for-

mer Commerce Department

official became a central fig-ure - tha department has

heen inundated with

Mr Huang was a political

appointee in the depart-

ment's international trade

administration in 1994,

where officials say he had no

policy role. He is accused of

maintaining improperly

employers in the Indonesian

Lippo group. He then moved

to the Democratic National

Committee to raise money

community. Some contribu-

tions he raised had to he

suspected of coming from

non-US citizens, which is

Under the Freedom of

Information Act, journalists

and citizens' action groups

can pursue Mr Huang's trail,

and hroader allegations that

trade policy was influenced

hy campaign contributions,

through Commerce Depart-

ment documents. The

department has had to pro-

vide documents, memo-

mail and briefing books.

randa, phone logs, electronic

investigators and a federal

grand jury investigating the

all the personal papers of

Ron Brown, the commerce

secretary who died last year

in an air crash, and records

Commerce was once the

of his trade missions.

manded access to almost

requests under the Freedom

of Information Act.

hours," says another. Since the fundraising scan-

Drugs scandal hits US-Mexico trust Fundraising

Reports suggest power of cartels is greater than admitted

in Mexico City

When Gen Barry McCaffrey, US national drug policy can diplomats say it may director, invited Mexico's foreign minister to Washington last week, the main item on the agenda was a joint plan to eradicate drug trafficking along the 2,000-mile border.

herald a new era of co-opera- in Mexico's security apparation in the fight against tus - Mexico has had six drugs, never saw the light of attorneys-general, and as day. Just before the minister, Mr José Angel Gurría, directors, in five years. landed in Washington, tha announced it was arresting problem, but they have tried its chief anti-narcotics official on charges of being in ing to portray Gen Gntiérrez the pay of the country's as an isolated case of corrup-

most powerful drug cartel. In the week since Gen Jesus Gutiérrez Rebollo's and Mexican newspapers. arrest, US and Mexican officials have tried to determine how much information was passed onto the Juárez cartel before the general was exposed as a double-agent. Days before he was detained, Gen Gutiérrez had travelled to Washington to be briefed

The US Drug Enforcement Administration fears its that two state governors undercover agents in Mexico may now be in danger. The detention of Gen Gutiérrez also points to a serious state governors have hreakdown in US intelligence. Shortly after his appointment two months ago, Gen McCaffrey praised him as "a guy of absolute fication process for the barunquestioned integrity".

As the US administration

on the performance of for- year to make an assessment room for manouevre: Mexico eign governments in the of the quality of other govfight against drugs, which it may announce today, Mexitake yaars to rehuild the trust that has been shattered

by the scandal. Sharing drug-related intelligence has never been easy between Mexico and the US. US officials express frustra-The plan, which was to tion at the frequent changes many national drug policy

> Mexican officials admit government that continuity has been a to limit the damage by seek-

> > A flood of reports in US however, appear to suggest that the power of drug cartels in Mexico is far greater than Mexican authorities

> > would care to admit. The most persistent allegation is one which links the family of the former president Carlos Salinas to the drug trade. More recently. the New York Times alleged were protecting drug lords

in their territories. The Salinas family and the strongly denied the allega-Ilons against them, while the Mexican government has blamed the annual US certirage of unfavourable reports.

The US administration is prepares its annual verdict obliged by Congress every

ernments' efforts in the fight against drug trafficking and money laundering. Those that do not make the grade are decertified, bringing possible economic and trade

Colombia was decertified last year for the first time. And, although the government in Bogota has heen highly critical of the procedure, it has introduced a large number of measures favoured by the US - plus a hig lohbying effort - in a hld to regain its certification.

in the case of Mexico, the usual practice has been to certify the country as an ally in good standing, and in the immediate aftermath of Gen Gutièrrez's arrest there seemed little likelihood that this would change.

In the past few days, however, there has been growing pressure from Congress to change the current stance. Sanator Dianne Feinstein. Democratic senator for California, wrote to President Bill Clinton that the evidence was now "overwhelming" that Mexico should be decertified. Har position has aince

been endorsed by a growing number of Democrats and Republicans in both houses, raising the possibility that Congress could even seek to overturn any attempt by the White House to give Mexico a clean bill of health this time around.

Privately, many administration officials ahare her

nomically to subject to the economic sanctions that are legally required against decertified countries.

The Whita Honse may thus choose a compromise Gen McCaffrey has admitted that one option is to decertify Mexico but attach a "national interest waiver" that would suspend the sanctions. Even this, however, may damage hilateral relations seriously enough to hlight Mr Clinton's first visit as president to Latin America, scheduled to start in

Mexico in April. According to Mexican officials, it may also contaminate the broader relationship between the two countries. Mr Gurría maintained decertification "would not only affect drug-related themes, hut hava a very negative impact on all aspects of US-Mexican relations".

Moreover, even if the US administration tries to lessen the tension over the drugs issue, it may not be possible. Many of the recent press disclosures implicating senior Mexican political figures hava come from testimony ralated to legal proceedings in the US. Those cases will have a momentum of their own, regardless of what position the administration takes.

Editorial comment, Page 13 Additional reporting by Mark Suzman in Washington

and Stephen Fidler in Lon-



AMERICAN NEWS DIGEST

SEC lodges bribes charges

The US Securities and Exchange Commission has filed a civil action against Triton Energy Corporation and two former senior officers of its subsidiary, Triton Indonesia, for authorising "numerous improper payments" to a business agent acting as an intermediary between Triton indonesia and indonesian government agencies.

The case, filed in a US District Court, charges that in 1989 and 1990 Mr Philip Keever and Mr Richard McAdoo authorised the payments to Mr Roland Siouffi "knowing or recklessly disregarding the high probability that Sioufil either had or would pass such payments along to indonesian government employees. .. " It also alleges that Triton recorded these payments with false entries.

Triton has agreed to pay a \$300,000 penalty and Mr Keever a \$50,000 penalty, without admitting or denying

Triton Indonesia hecame the operator of an oil and gas recovery project on the island of Sumatra as part of a joint venture in 1988 and had to pay Indonesia's national oil company for the use of the pipeline. The payments were allegedly part of an effort to obtain a favourable SEC documents.

IRS counts costs of 2000

It will cost tha US Internal Revenue Service at least \$129m to reprogramme its computers so they will recognise the year 2000, a senior IRS official says.

Mr Arthur Gross, assistant IRS commissioner in charge of technology, expressed optimism yesterday that the agency would reprogramme its core computer systems by 2000. "This is absolutely the highest priority for the IRS," Mr Gross said before he testifying to the National Commission on Restructuring the IRS.

The issue is especially sensitive for the IRS, which is under fire in Congress for spending \$4hn on a computer modernisation programme that still has not achieved key

Haiti wants money back

Haiti is trying to recover what officials allege are "hundreds of millions of dollars" taken out of the country hy members of the family of former President Jean-Claude Duvalier and several of his cabinet ministers. Mr Duvalier, his family and some ministers fled the country in early 1986 after months of popular streets protests toppled the 29-year family dictatorship.

The government has filed a legal complaint charging the president's family and the ministers with misappropriation of funds, according to officials at the Justice Ministry. Those named in the suit include Mr Duvalier's mother and sisters, his former wife Michele and former ministers Mr Theodore Achille, Mr Jean-Marie Chanoine, Mr Jean-Robert Estime and Mr Frantz

Exuberance unbounded

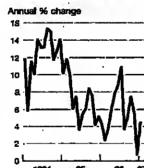
At times Mr Alan what markets appear to below last year's outcome. Greenspan, the chairman of the US Federal Reserve, must feel like Cassandra, always warning of perils ahead, always condemned to he ignored.

In his twice-yearly testimony on US monetary policy act until it sees clear indicato Congress on Wednesday ha issued his most powerful caution yet to investors ahout the dangers of continuing to pile into already over-valued stock markets. But like his now famous remarks about "irrational exuberance" in financial markets last December, Mr Greenspan's warnings again appear to have gone largely

prices feli following tha Greenspan mused at length Wednesday, the drop was fashion, about the inflationthe markets had stabilised. Equity prices are in fact still 10 per cent above where they were at the time of the December speech and most analysts still expect them to

go higher. Are investors really so confident of continuing upward momentum that they feel they can ignore repeated warnings from the world's most powerful monetary policy official?

The answer lies at least in part in a gap between the



believe the central bank is actually likely to do. Almost no one expects the

Fed to raise interest rates simply to knock the froth off a hubbling stock market, It is assumed that it will not tions of emerging inflationary pressures in the real

Fed chairman's warnings have gone unheeded again, writes Gerard Baker

Though atock and bond economy. And though Mr prices, there is little evidence so far that there has heen any significant inflationary spillover from the stock market into a more general increase in the prices of goods and services.

In fact most of the available evidence suggests that inflation in the rest of the economy remains subdued. The Fed itself, in its forecasts released on Wednesday, said it expected consumer price inflation this

year to be in the range of Fed chairman's words and 2.75-3 per cent, slightly US durable goods orders

New orders for manufacing in November, the depart-tured durable goods in the ment said. The January rise IIS increased sharply in Jannary, the Commerce Department said yesterday, largely on a rebound in demand for communications equipment and for electronic components, Reuter reports from Washington.

Total orders for durables items designed to last three years or more - shot up 3.6 per cent after back-toback drops of 1.8 per cent in December and 1.7 per cent

there seems little cause for alarm about inflation further along the road. Mr Greenspan was anxious to make the point that the Fed's policy is pre-emptive, that it will move to tighten

And with growth forecast to

be just 2-2.25 per cent, below

the long-term US trend rate,

policy hefore markets see the need for action. He also warned that there were emerging signs of growing cost pressures in labour markets. But he has been restating these points throughout the last year, a period during which the Fed has not changed its stance. Perhaps the best clue to what the Fed plans, and how

markets might react, came chairman's testimony on on Wednesday, in Delphic in the comparison Mr Greeospan drew between the mon-1994-95. The Fed chairman said the latter, when the Fed tightened monetary policy aggressively and asset prices fell sharply in response, was very different. The increases in interest rates then followed a prolonged period of monetary easing. Real interest rates were too low for inflation to be contained. "In February 1997, in contrast, our concern is a matter of relative risks rather than of expected outcomes," Mr Greenspan said.

In other words, growth in reining in their exuberance.

January orders for durables increase sharply

was more than twice the 1.5 per cent pick-np that Wall Street economists had fore-"It was certainly stronger

than what was expected, and I think what's important is yon're seeiog strength excluding both the defence and transportation categories," said Mr Kevin Flanagan, of Dean Witter Reynolds. "This isn't a one-I'me deal where yon're see-

ing a large order hitting the books and we can go back to a negative column. It's reinforcing the notico of a solid growth setting, as you had gains pretty well across the

The sharpest gain in any single durable goods category last month was for electronic and electrical equipment, up 14.9 per cent to \$27.7hn after drops of 14.1 per cent in December and 10.3 per cent in Novem-

the economy means tha con

tinuing Fed bias is towards a

modest increase in interest

rates over the next year of

perhaps 0.25-0.5 per cent,

nothing nearly as draconian

as the 1994-95 interest rate

rises, "in 1994-95 it was abso-

lutely clear-cut that interest

rates needed to go up," says

Mr Ian Shepherdson, chief

economist at HSBC, an

investment hank in new

York. "This time, if rates do

go up at all, it will be only a

But the fear at the Fed is

that when this modest

change of policy does begin,

the stock market may react

adversely. The current high

valuation of stocks, as mea-

sured by dividend yields rel-

ative to bond yields, makes

them highly sensitive to any

changes in monetary policy.

an upward move in interest

rates as the start of a more

serious tightening, along the

lines of 1994-95. A collapse in

stock prices would compli-

cate the task of adjusting

policy to meet the demands

Mr Greenspan is attempt-

ing to forearm the market

agaiost that risk by fora-

warning it. The problem is

that investors still do not

appear to share the view

that stocks could be overval-

ued and show little sign of

of the real economy.

modest tightening."

department Allegations of campaign finance abuses by President Bill Clinton have yet to "You need to get to tha provoke a sustained outcry bottom of this. It's awful," from the American public, saya a note scrawled hy according to an opinion poll released in the wake of this President Bill Clinton across the top of a memorandum week's disclosures about ahout Democratic party White House perks offered fundraising. The word to large donors, Patti Waldmeir reports from "awful" is underlined twice and the document ls

Washington. A USA Today/CNN/Gallup stamped with four weighty words in capital letters: poll found 45 per cent of THE PRESIDENT HAS those surveyed said they did not care whather Mr Clinton What the president saw invited Democratic party which so enraged him was contributors to spend the the promise in a Democratic night in the White House. party fundraising hrochure Some 42 per cent said they that those who donated at

believed he was wrong to do least \$100,000 to the party so, but 53 per cent said tha would be rewarded not only issue was not relevant to his hy various meals with the character or ability to serve president, hut hy an "annual as president. Nearly two Party officials insist only thirds said his behaviour was typical of recent one such mission ever took presidents; only 22 per cent place - to Paris, in 1994 believed it was unusual.

and it included no US gov-Since tha furore over ernment officials. They say campaign finance abuses 25 dooors met the ambassaerupted just before the dor to France, the late Novamber election, opinion Pamela Harriman, but did polls have consistently not meet foreign officials. shown that while the public Still, in the current Washexpresses sometimes strong ington political climate, the disapproval of common appearance of impropriety funding practices, few on its own is enough to trigbelieve anything can be ger another round of charges done to change the system. that the Democratic party

Public indifference undermines the effort to on trade missions. These reform campaign finance charges have left the Departlaws in Congress. So far, the ment of Commerce at the effort is being driven largely centre of a political maelhy the media, hy democracy strom which is seriously activists and hy a minority hurdening its staff and hamof congressmen. Congress pering its hread-and-hutter may conclude in the end that it has a greater vested interest in maintaining the We're working 10 hours a day, and weekends. This is system unchanged.

> administration, Mr Brown earned kudos from husiness leaders by leading high-profila trade missions around the world, dispensing millions of dollars in company grants and restructuring the department for a concerted drive to help US companies win contracts ahroad. The same fervour is now fuelling the drive to release documents which officials believe will clear the department of charges of impropriety.

Mr Brown, a former head of the Democratic National Committee, did not divest bimself of his political past. Records disclosed under the Freedom of Information Act have produced a handful of letters to Commerce officials requesting a place on trade political ties or were campaign donors

One such letter asked for and won – the inclusion of from the Asian-American Mr William Ginsberg, chief executive officer of Cellular Communications, on a trade mission to India. After citing returned because they were Mr Ginsberg's "utmost ahility and integrity", the letter noted that he was "an early financial supporter of the Clinton/Gore campaign and a very generous donor to the party's 1992 election effort".

The fact that some companies also made donations after trade trips has led to allegations that Commerce officials asked for contributions as payoffs, though there is no hard evidence yet of such behaviour.

The search for proof has Journalists, congressional left the international trade administration in turmoil. "The [Freedom of Informadepartment's role have tion requests] are coming in every day, with more and more questions. . We have to go through tha files looking for every mention of every company. . . It's like looking for needles in haystacks, says one official. Editorial comment, Page 13

star performer of the Clinton

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The first trade fair on the latest technology for reducing a water consumption. In Frankfurt.



Under the patronage of Margarethe Nimsch. Hesse State Minister for the Environment. Energy, Youth, Pamily and Health.

High-tech solutions for a thirsty world The first trade fair on reducing water consumption will take place at Frankfurt Main airport from

March 16th-31st, open daily from 10 to 18 hrs. The

exhibition is being organised by the City of Frankfurt

together with the professional association for sanitary fittings within the "VDMA", the German union of mechanical engineers. At the International Sanitation, Heating and Airconditioning Show (ISH) 1997, in

the airport gallery, more than 50 exhibitors will be displaying a comprehensive range of products to reduce water consumption. Entrance is free. Further information is available on: (00 49 61 92) 2 56 12.

If you are interested in the associated seminars at the Airport Conference Center (ACC), please send a fax to: (004969) 721218. We will be happy to send you further information.

By Peter Montagnon and

looks: "Some of my friends

are getting out of textiles

and into property, he says.

prompted a superficial boom

in the construction and prop-

erty sector, but the share of

manufacturing in the econ-

omy remains lower than it

Government officials like

to portray Mr Diekno, who is

known in Manila as the

"prophet of doom", as a bit of a crank. The conventional

wisdom is that the reforms,

instituted by President Fidel

Ramos since 1992 and which

are due to culminate in May

in a far-reaching overhaul of

corporate and personal

income tax, have trans-

But weak export growth in

the second half of last year

has sparked a more critical

awareness of the need for

follow-through in reform,

especially as political uncer-

tainty grows ahead of next

year's presidential elections.

The character of the eco-

nomic problem has changed,

says one international ecop-

omist. At the beginning of

formed the economy.

was in the early 1980s.

Deregulation

Shinder Sharp boost for

TY FEBRUARY 28 1997

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Section 10 to a policy of the Carrie Conces, Part To the state of th 2 Today CM Colo The state of the s The state of the s the Walle Bone Services said the services of Seatt Ind The state of the s - 1. Sect. of Legest 62 5 22 per cen LIBOUR CE 17. 12. 17. OTE 77:2 - 12:3 ans - 25 Secole (the ---a secure and the mile E100 - - of General 5. 272,7.0%, jez the second The states ---a vier in dies the effert m 1222 The state of the s 7. CE20030 Comment - " in In the and क्रिका कार्य マンニニアも

> 14 1 12 Britis -------xz - - - 2. · (1972) -14 22 n Cababa - : ET 200

1997 HK growth By John Ridding in Hong Kong and China and controversy over Beiling's plans to Mr Donald Tsang, Hong amand civil liberties laws Kong's financial secretary, and replace tha territory's

yesterday forecast rohust legislature. economic growth this year and said he expected husi-Mr Tsang said he was taking the unprecedented step of releasing growth forecasts ness confidence to remain ahead of the annual budget high through the territory's transition to Chinese soverto demonstrate the government's commitment to the eaking ahead of his budfree flow of information and get next month, Mr Tsang to underline its laissez-faire predicted real gross domestic principles. "It is right to product would rise by 5.5 per demonstrate as plainly as cent this year, compared possible that market forces, with 4.7 per cent in 1996.
"We expect the economy to not the annual hudget, deter-

> performance," he said. Pressures have been growing in Hong Kong for measures to support the territory's manufacturing sector, which now accounts for about 10 per cent of GDP. compared with 24 per cent at the end of the 1970s. Mr Tung Chee-hwa, the territory's future leader, has signalled that he might be sympathetic to eteps to While most economists strengthen manufacturing, said Mr Tsang's growth foreraising the prospect of

mine Hong Kong's economic

strains within the post-handover administration. According to Mr Tsang, growth this year will he fuelled by a 5.5 per cent rise in consumer spending and a robust sentiment among result of improved demand their members, despite polit- in some of the territory's ment bank.

pleted on the territory's new atroort, one of the world's largest infrastructure proj-

The pattern of growth and

money supply could cause asset price inflation. We have already seen a strong rally in the property and

stock market." casts were in line with their own estimates, they added a note of caution about US monetary policy. "If the US raised rates, then we would see tighter conditions in

Asia warned of money laundering dangers

By Ted Bardacke in Bangkok

eignty in July.

perform significantly better

than last year," said Mr

Tsang. But he cautioned that

stronger growth was adding

to inflationary pressures,

with consumer prices expec-

ted to rise by an average of 7

per cent this year, compared

The official projections

were largely in line with pri-

vate sector eatimates.

although several economists

were more cautious about

recovery in private con-

sumption and more con-

inflation. Business organisa-

tions, including the general

chamber of commerce and

the British chamber of com-

cerned about the risks of

with 6 per cent in 1996.

Economic development in tortion of financial markets Asian nations, particularly those with newly emerging ing cannot be underestifinancial systems and cash economies, is being put at risk by the growing practice of money laundering in the region, law enforcement officials said yesterday.

The warning came as 26 Asian and Pacific nations established a region-wide group to jointly tackle their money laundering problems. Only eight of the countries in attendance have enacted anti-money laundering legislation and delegates said that as other regions introduced tougher

becoming more vulnerable. The capacity for corruption, destabilisation and disas a result of money laundermated," said Mr John Brum, Chairman of the Aslan Group of the Financial

Action Task Force (FATF)

on Money Laundering. Several researchers have recently pointed to Thailand. where anti-money laundering legislation has been pending for several years, as an example of the corrosive effects money laundering. can have on a country's oin comes from the region financial system.

A recent report by economists at Bangkok's Chulalongkorn University said helped make Asia a fertile sures, Asia was at risk of as \$30.8hn annually, or 17 ing.

money from narcotics, prostitution, gambling and smuggling. The FATF said such illegal proceeds were often invested in real estate develcoments, driving down the real value of tegitimate investments in the sector and hurting banks and other financial institutions.

Officials were unable to put a figure on the total amount of money laundered in Asia each year, but the widespread existence of casinos, combined with the fact that most of the world's berand the willingness of legitimate businesses to conduct large cash transactions.

S Korea

may face

further

strikes

unrest last month.

By John Burton in Secul

South Korea is facing the

threat of new strikes today

as parliament rushes to

amend a controverstal lahour law that sparked three weeks of industrial

The dissident trade union

confederation, which staged last month's general strike,

said it would proceed with a

new round of strikes unless

parliament snhstantially revised the labour law which makes it easier for

employers to sack workers. The government had promised to amend the

labour law by tomorrow.

But, even if the law makes

concessions to unions, there

are fears of renewed labour conflict this spring as com-panies propose to freeze

wages to avoid putting off

The labour law, which was forced through a secret

dawn parliamentary session

in late December in tha absence of opposition MPs,

was criticised by the Organi-

sation for Economic

Co-operation and Develop-

ment and international trade union groups for curb-

ing workers' rights of asso-

ciation and collective har-

The labour law included a

ban on multiple unions for

several years, a prohibition

on company salaries for

full-time union leaders, the withholding of pay for stri-king workers and a ban on

Officials said the mea-

sures were essential to promote labour market flexibil-

ity and halt high wage growth that has made Korea

If the ben on wages for

striking workers is kept, the

government has indicated

that it will withdraw provi-

sions that would allow com-

panies to sack workers en

less competitive.

teachers forming unions.

workers.

ASIA-PACIFIC NEWS DIGEST

Sharp rise in Japan's output

Japan's car and electronics companies have been working overtime to cope with an anticipated surge in domestic consumer demand ahead of a rise in sales tax from April 1. That was the main feature in a higher than expected 5.3 per cent rise in industrial output from December to January, after near-stagnation - a rise of just 0.1 per cent – in the previous month, according to preliminary data from the Ministry of International Trade and Industry (Miti) yesterday.

An upturn on this scale is not expected to last. Miti projects: on the strength of a survey of manufacturers, a 3.8 per cent decline in output this month, followed by a 2.7 per cent decline in March. That would bring production back to about the same level as last December, said Mr Richard Jerram, chief economist at ING Baring Securities in Tokyo. The underlying level of production has been gathering pace since the middle of last year, even after adjusting for the current domestic sales push.

On a three-month moving average, output rose by 3.5 per cent last month. This is well ahead of the general growth of the rest of the economy, partly a sign of how manufacturers are doing better than the service industry which is not included in industrial production. Manufacturing production is being led by exporters, such

as the car industry, whose overseas sales rose by 34.5 per cent, year-on-year, in volume terms last month. Exporters are benefiting from the yen's fall, which has made their products cheaper in foreign currency terms. William Dawkins, Tokyo

Thai imports down 6.2%

Thailand's export performance continues to be sluggish but the slowing economy is causing a sharp fall in imports that is helping quickly to narrow the country's current account deficit, according to figures released hy the central bank yesterday.

Exports in December fell 1.7 per cent year-on-year. They

totalled Bt117bn (\$4.5bn), some Bt3.8bn lower than the previous month. Imports in December fell more sharply,. declining 6.2 per cent year-on-year, and were Bt5.7hn lower than the previous month. December's current account deficit was Bt19.1bn, its lowest level in nearly

two years.

The trade deficit also narrowed to Bt22.3bn, its lowest level in over a year. Manufacturing production picked up slightly, rising 4.8 per cent in December compared with 4.1 per cent in November. Money supply growth fell for the third consecutive month to 10.9 per cent, while bank deposit growth fell for the second straight month to 12.8 Ted Bardacke, Bangkok

US ambassador for Vietnam

Mr Douglas Peterson is likely to be confirmed as the first US ambassador to a united Vietnam this week. He will arrive in Hanoi by April 1. Mr Peterson, 61, a Florida Democrat in the US House of Representatives between 1991 and 1996, played an advisory role in President Bill Clinton's decision in 1995 to normalise relations with Vietnam. He was a prisoner of Hanol for six years after his jet was shot down in the Vietnam war. AFP, Honoi

ment growth will shift from the public sector to the private sector as work is com-

the rise of inflationary pressures prompted reservations among some privata sector economists. "The story of this recovery is capitat inflows and liquidity." said Mr Dong Tao, senlor regional economist at Schroders Securities, Although he argued that price rises had been curbed by the strength of the Hong Kong dollar, which is pegged to the US currency, he warned of underlying pressures. "Strong liquidity along with a lack of controls over the

Hong Kong and pressures on merce, have also reported rebound in foreign trade as a growth rates," said one economist at a European invest-

to see what Mr Ramos had to do - tackling the power shortage was obvious - but there was a lack of confidence in change actually happening. Now confidence has improved, but policy has become more difficult.

The Philippine mannfacturing sector registered a r Ben Diokno, eco-2.6 per cent year-on-year slowdown according to govnomics professor at the University eroment figures, sending a of the Philippines, warns warning sign to economic there are signs that the planners, reports Justin country's economic miracle Marozzi from Manila is not as far-reaching as it

while donble-digit year-onvear decreases were reported in four sectors

decline with a 29 per cent fall, followed by a drop in textile, rubber products and non-ferrous metals.

sustainable growth rate had

risen to around 5 per cent from 3 per cent before the reform started. Mr Cielito Habito, secretary of plan-ning, says the "cruising speed" is higher - between 6 and 8 per cent.

less than other Asian countries in the regional export slowdown last year, partly because it was just beginning to reap the benefit of a the reform period it was easy surge of foreign investment in its electronics sector. But among tingering concerns are that the textile sector suffered badly, while imports continued to surge.

The savings rate of Even Mr Diokno says the slightly more than 18 per

GDP growth am 1985 prices

Signs of superficiality are detected in Philippine economic success

Manila miracle under microscope

The volume of production index registered a 3.8 per cent drop from November,

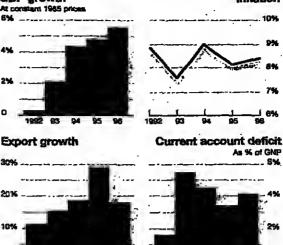
Wearing apparel led the

The figures come amid concern that the Philippines' widening trade deficit and heavy dependence on remittances from overseas workers, combined with a flat manufacturing sector, might jeopardise continuation of the country's recent economic growth.

The Philippines suffered

The Philippines ended 1996 with a trade deficit of \$12bn.

Philippines: looking good



cent is still low compared with other Asian tigers. Though the Philippines has emerged as a pioneer in private sector infrastructure development, the government has been criticised by the International Monetary Fund for spending too little in this area.

Anomalies in the wage structure continue to create distortions in the labour market. Minimum wage legislation means unskilled lahour is expensive while skills go under-rewarded. A further challenge, says Mr Roberto de Ocampo, finance secretary, is poverty alleviation, but this has to be tackled in such a way as to avoid undue burden on the budget.

Government ministers

policies which should deal with these problems. Reform of the banking system, which involves cutting high minimum reserve requirements, should reduce costs and allow the introduction of competitive savings products. Mr de Ocampo says ba would like to introduce pension funds, and a system for refinancing mortgages in the securities market. That should help hoost the

believe they have set in train

savings rate. Though low private sector savings compel the Philippines to run a tight fiscal policy, the tax reform, which is expected to yield annual revenues of 13hn pesos (\$494m) should create room

You don't have to produce a government surplus jus by constricting expendi-ture," says Mr Habito.

He says Philippine exporters will become more competitive by increasing their productivity. For the garment industry this means moving up-market. In electronics there is already some evidence of higher domestic value-added. Fewer electronic components are being

imported per unit of exports. Yet most economists agree that the Philippines will run a current account balance of payments deficit for some years. At 4 per cent of gross national product, the deficit is about half that of Thailand. Thus far it has proved easy to finance, but the figures include a large \$7bn allowance for overseas worker remittances which leaves many economists con-

Success in economic policy depends on the dollar inflow lasting long enough to allow exports to take off, he says. If it does not, the country could still be left high and dry. Most economists expect the Philippines to avoid such a crunch, as avidenced by the decision by Standard & Poor's to upgrade of its credit rating to BB+ from BB at the weekend.

Yet a careful hand on tha tiller is also needed, which is where the election comes in. Though the contest is wide open, businessmen are wary of a victory hy Mr Joseph Estrada, the popular current vice-president who many fear would slide back into cronsyism. His election "would crack confidence" for government to spend says Mr Sutherland.

Why are the impossibly haughty sales assistants in Manhattan's temple of chic finally showing signs of warmth? Where can you have your portrait painted without losing face (and for under £400)? Why should you take your time when choosing a watch? And which lesser-known breeds of South African game park offer the true bush experience? Find out on Saturday, March 1. in the Financial Times' 56-page how to spend it colour magazine.

> Financial Times. World Business Newspaper.

Arafat to enjoy the high ground in Washington

By Judy Dempsey

Mr Yassir Arafat, president of the Palestinian Authority, will meet President Bill Clinton and Mrs Madeleine Alhright, US secretary of atate, on Monday in Washington, confident he has maintained his authority among Palestinians foliowing the Israeli government's decision to build a new Jewish settlement in Arab east

During a session with senior Paleatinian leaders yesterday in the West Bank town of Nablus, Mr Arafat used all his skills to stava off any unrest. He also sought to rally Palestinians, arguing that Israel would withdraw from about 10 per cent of the rural areas of the West Bank in the first phase of the three redeployments instead of about 3 per cent originally

tha Har Homa settlement unless considerable progress and a larger redeployment was made on redeployment from Area B - land under and other outstanding issues Palestinian civil administration hut Israeli security. Diplomats said Mr Benjamin Netanyahu, the Israeli prime minister, was in no position to trade any land for acceptance by tha Palestinians of a naw settlement in east Jerusalam. "The far right/ nationalist parties would not buy that," said one diplomat

involved in the peace talks. Senior US officials had insisted instead that Israel make a "substantial" redeployment, adding they would not be pleased with the original 3 per cent withdrawal. Pressure from Washington

had been exerted in the knowledge that Mr Netanvahn seemed determined to press ahead with Har Homa

Israeli officials denied any But the pressure had which is breaking the Oslo claims of a trade-off between stemmed from a belief that, the momentum in the peace process would be lost.

The first phase of the Israeli troop withdrawal, due to be completed next Friday, may also include that from areas completely under the control of the Israelis and where almost all the Jewish settlements are located. During his visit to Wash-

ington - which will almost certainly include a visit to the United Nations in New York - diplomats said Mr Arafat has the moral high ground. "He can show that he commands discipline and authority just as much as he knows he cannot allow himself to be pushed too far by the Israelis," a diplomat

"But more important, he

accords, particularly over Jerusalem whose status is meant to be left until the final status negotiations. In that sense, be may be able to extract further concessions from Washington," he added. The Har Homs decision.

however, continued to attract international criticism. Yesterday, Japan, normally circumspect in snch matters, added its voice. Mr Ryutaro Hashimoto, the Japanese prime minister, said Har Homa was a "negative element for the Middle East peace process and I personally regret it." Mr David Levy, the Israeh foreign minister, is in Japan. Criticism from Tokyo coin-

cides with plans by the Y20hn (\$164m) In Japan's domestic bond market, the first time it has tapped the



President Arafat inspecting a Palestinian guard of honour yesterday on his arrival in Nablus where he attacked Israel's decision to huild houses for Jews in east Jerusalem

Plugging the many holes in Africa's ballot boxes

Michela Wrong on a Commonwealth-led move to strengthen democratic institutions on the continent

not ready for democracy. It he became president, which Africans found patronising. But Mr Chirac was doing no more than reflecting the anxiety western governments feel at what appears officials and opposition deficit."
at best a faltering record of memhers from 18 African When at best a faltering record of

For although the years since the end of the cold war have seen a proliferation of multi-party elections in a continent once dominated by one-party regimes and highted by military coups, many have merely strengthened the hold of a generation of post-independence rulers, or usbered in new autocrats.

This is disquleting enough to have prompted the Commonwealth, the 53-member association which brings together countries with historical links to Britain, to ing, haraly on speaking

r Jacques Chirac stage a unique roundtable terms back home, it was the once remarked on African democracy and that Africa was "good governance" in Botswana's capital Gahorone

> Brainchild of Chief Emeka Anyaoku. Commonwealth secretary general, the conference broke new ground by including both ruling party countries.

"It is not a forum to advocate an African brand of democracy," he told delegates, "nor is it intended to foster the illusion that somehow there is a less demanding path to democracy for

the controversial - coming alism", as the chief put it to the pragmatic - appropriate pensions for leaders who lose power at the ballot box. For some of those attend-

first chance for such a dia-

Six or eight years ago we couldn't have held this meeting," said one Commonwealth official. "There was no admission that a problem even existed. Now we all agree there is a democratic When the Commonwealth

officially embraced multi-party democracy in Harare in 1991 nine of its African members were under military rule or oneparty states. Today only one falls into that category. The press is freer, political

human rights records have improved and military leaders have shed their uniforms to be tested at the ballot box. But if most African leaders have stopped short of the brutal methods used in Nigeria - suspended from the Commonwealth since its

sident Ken Saro Wiwa and eight others - many have proved adept at bending the

In Tanzania, for example, Zanzibar's elections were so obviously rigged donors have severed aid to the island. In Kenya, a political party still awaits government recognition, 18 months after applying. And in Zimbabwa presidential powers to apportion parliamentary seats are one of several hurdles faced by the opposition.

Ruling parties are not the only contributors to the democratic deficit. Opposition parties - ethnicallybased, dominated by personality politics and squabbling among themselves - have often proved incapable of grasping the concept of a "loyal opposition". When they have lost, they have disenfranchised their sup-porters by boycotting parlia-

nise the results.

Nor has the response of

donors always been helpful. for while they have linked aid to good government, commercial and atrategic interests often outweigh concerns about democracy. The meeting In Gaborone

discussed how to combat the effects of a winner-takes-allsystem which condemns losers to dangerous obscurity. A defeated candidate staring financial ruin in the face is unlikely to go quietly. Delegates recommended that defeated or retiring

leaders should be offered pensions and opposition parties given state funding to ensure they retain a stake in the democratic system. In an attempt to combat

tribalism, delegates also emphasised the need to strengthen local government, devolving the centralised power systems estab-

military regime hanged dis- ment or refusing to recog- lished by the colonialists. This would lessen the dan-ger of entire ethnic groups being marginalised.

But attempts by Ugandan officials to persuade the confarence that President Yoweri Museveni's no-party movement" system was an effactive way of uniting a society splintered hy past tribal, religious and regional differences received abort

Delegates said Uganda's vigorous defence of its system was too reminiscent of the justifications voiced in the past hy one-party regimes. "Everyone is mov-ing in one direction and the Ugandans want to move in another. This is an argument of convenience," said Mr J.A. Kufuor, Ghana's main opposition leader.

There was a strong push from opposition leaders to replace the system wherehy Commonwealth observers

monitor elections with a constant "democratic auditing" process, so that dirty tricks are denounced long before a hopelessly weighted ballot takes place.

Those hoping for immediate action would find the recommendations drawn up hy the roundtable disappointingly general. But delegates said tha main thing was to have them accepted hy the African heads of state who have heen dehating them in a retreat in northern Botswana and who will report back to a summit In Edinburgh in October.

"This is a beginning," said Mr John Fru Ndi, the opposition leader many believe was tha real winner of Cameroon's last elections. "You don't go in full throttle. First you agree on the ground rules, later you establish the specifics. We have to sugarcoat the pill so the patient will swallow it."

provided another illustration

of investors' relentless

Attitudes in US dismay UN chief

By Bruce Clark and Michael Holman

Mr Kofi Annan, the naw United Nations secretarygeneral, said yesterday that he had been shocked by the strength of US isolationism.

In an interview with the Financial Times the secretary-genaral said he had been dismayed to discover that far-fetched conspiracy theories about the world body had gained currency at senior levels of the US Con-

"The UN has no designs on the US, and even if we took it, I'm not sure if we could hold it," quipped the Ghanaian diplomat.

The UN has been attacked hy extreme rightwing groups grounds, including theories that helicopters with UN markings have carried out military manouevres over US territory. Mr Annan said ha was disappointed to find some credance had been given by mainstream politi-cians to the idea of a UN conspiracy to snhvert the sovereignty of the US.

"For a while we all thought it was the extreme elements that talked of black helicopters and UN designs on US sovereignty. . . but I was shocked when I went to (Capitol) Hill."

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Questions about "UN designs on US sovereignty and UN intentions to tax US citizens" had heen pnt to him by senior members of the Senate, ha said. But Mr Annan said: "I

hope that my answers might have clarified some of these misunderstandings.

The US administration last month asked Congress to repay most of Washington's debt to the 185-member institution - but only in 1999, and subject to implementation of streamlining measures long demanded by US politicians.

Despite the suspicions of Washington's lawmakers, such as Senator Jesse Helms - who says he will call for US withdrawal from the world body unless it reforms - Mr Annan expressed mild optimism about an internationally agreed programme for change. He said that in the next

four weeks he would draw up a series of internal reforms of the Secretariat including the "consolidation of departments" and possibly the appointment of a

But broader questions. such as the UN's fundamental purpose and the make-up of the Security Council, would have to be decided by the member states.

Turning to the conflict in Zaire, Mr Annan said he was encouraged that African leaders were playing such a constructive role in the talks

under way in South Africa. President Nelson Mandela. in close co-operation with several other African leaders, has helped sponsor the first stage of negotiations involving Mr Laurent Kabila leader of the rebel movement which controls much of the country's eastern region, and envoys from Presidant Mobutu Sese Seko of Zaire.

"The remarkable thing is that they are all pulling together, including the aecretary-general of the Organisation of African Unity.

parties have been registered, The agenda ranged from

ROMANIA

CONTRACTS & TENDERS

MINISTRY OF COMMUNICATIONS

PRIVATISATION OF ROMTELECOM APPOINTMENT OF ADVISOR TO THE MINISTRY OF COMMUNICATIONS INVITATION FOR EXPRESSIONS OF INTEREST

This invitation for Expressions of Interest follows the decision to implement the Strategy for restructuring and development of the telecommunication sector in Romania and attracting a

The Ministry of Communications now intends to appoint an advisor for the privatisation of RomTelecom through the participation of a strategic investor to be selected by open tendering. The selection of the strategic investor is scheduled to occur in the first half of 1998. It is intended that RomTelecom will meanwhile be transformed from its present status as a Regie Autonome to a joint stock company. The assignment for the advisor will be funded from RomTelecom resources.

The main tasks of the advisor will be to provide advice and recommendations to ensure the privatisation process for RomTelecom is optimised consistent with the Ministry's strategy for the restructuring of the sector. In particular to prepare a detailed programme for the privatisation process leading to the participation of a

- review the policy, legal, regulatory, licence, tariff regime and privatisation framework conduct business, corporate legal and financial due diligence
- develop a valuation of the company and sale strategy prepare a Memorandum of Information and all related documentation (Charter amendment,
- Share Sale & Purchase Agreement, Shareholders Agreement, etc.) for inviting tenders provide all necessary support for tender invitation and evaluation
- draw up all legal documentation required in preparation for participation of the strategic investor and for its engagement

The assignment is expected to commence in April-May 1997 and continue through to the

Tendering for this assignment is open to firms from any country. Interested firms are hereby invited to submit expressions of interest. A short list of qualified firms will be formally invited to submit proposals following this invitation. In order to determine the capability and experience of firms seeking to be shortlisted, the

information to be submitted with expressions of interest shall include:

- company profile, organisation and staffing;
- details of experience of similar assignments for the engagement of a strategic investor undertaken in the last five years, including the sector and country involved, drawing particular attention to experience in the telecommunications sector;
- CVs of staff who could be available to work on the assignment.

Six copies of the above information in English should be submitted to the address below in a sealed envelope marked "Expression of Interest for RomTelecom Privatisation Advisory Services", to be received no later than 10th March, 1997, 12:00 hours (local time).

> ION MATEI Counsellor to the Minister **Ministry of Communications** 14-16 Libertatii Ave. 70060, Bucharest 5 ROMANIA Fax: +40-1-411 1479

BIS sees acceptance of more bond market risk

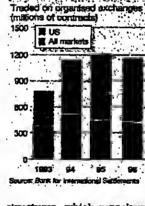
Derivative contracts

By Richard Lapper, Capital Markets Editor

Investors were more willing last year to take "greater market and credit risks" in order to increase returns, according to a report published today by the Bank for International Settlements.

The report* shows a sharp increase both in the overall volume of honds and in structured deals offering higher returns. Net issuance (new issues less redemptions) of international bonds and other securities grew by \$512hn, compared with a rise of \$313bn in 1995, increasing the total outstanding stock of such debt to \$3,200hn.

With world interest rates at relatively low levels, investors were more prepared to invest in more 'exotic" currencies and structures. Last year saw the 1995. Asset backed strucfirst international honds tures accounted for 37 per denominated in currencies such as the lcelandic krónur fourth quarter.



structures, which repackage financial assets and cash flows, ranging from bank loans to aircraft leases. For the year as a whole 34

per cent of all bond issues were asset-backed securities.

compared with 12 per cent in cent of all bood issues in the

and Croatian kuna. The "The pervasive use of ments February 1997. Bank report points to the growth derivative features on a wid- for International Settlements. in popularity of asset-backed ening array of debt issues Basie

search for higher returns," said the report. Derivatives such as call options, which give the issuer the right to redeem a bond before It matures, were features of Such "structured securities", which offer higher yields to investors than conventional bonds but lost popularity after the 1994 fall in bond prices, have "returned

to favour". At the same time, the BIS pointed to continued stagnation in the exchangetraded derivatives market, with the turnover of financial futures and options contracts falling from 1.21hn in 1995 to 1.16bn in 1996. The volume of deals also fell throughout last year.

dropping from 326m contracts in the first quarter to 271.2m contracts in the last three months of the year. *International Banking and Financial Market Develop-

Risk premium now paid is lower than new ratings would justify

Credit ratings irk Lebanon

By Roula Khalaf and Samer Iskandar

A year-long tug of war between Lebanese officials and Moody's, the US credit rating ageocy, culminated this week with the publication of ratings for Lebanon by four different agencies.

The process started in February 1996, when officials from Moody's reportedly advised government officials that they intended to issue

such a move ever since they issued the country's first eurobond in October 1994, they nonetheless tried to stall the process.

their feet is that the risk pre- rencies by Lebanese entities. mium they currently have to pay to investors is lower large US bank in London than the ratings would jus-tify. This is explained by the sents a good median." It puts fact that a substantial pro- Lebanon on an equal footing state of public finances. portion of eurobonds issued with Russia, but he Although the country's tion and huge assets he by Lebanon is held by expadescribed Moody's grade as external debt of \$2.7bn the Lebanese disspora.

whose assessment of the country's risk is lower than that of the international financial community. The officials also recog-

nised that Moody's often produces harsher assessments than its peers; thus their decision to solicit three other ratines. Resulting grades were: BBB- from Nippon Investors

Service, a Japanese rating agency: BB from IBCA, the an unsolicited rating.

Although Lebanese offi
B1 respectively from Stanclais had been expecting dard & Poor's and Moody'a, the largest US agencies. These assessments apply. to two outstanding eurobond

issues, totalling \$800m. They will also act as a ceiling all The reason they dragged bonds issued in foreign cur-Ona credit analyst at a

harsh. "There is no reason to rate Labanon two notches lower than Russia, which presents a similar profile of political instability," he said. Lebanon's ratings are constrained by its uncertain

future. A country in the midst of an ambitious reconstruction drive after 17 years of civil war, Lebanon can easily be viewed as having unlimited potential in the context of peace in the Middle East, but also unlimited risk in the context of continued regional instability.

That national reconciliation among Lebanon's various communities remains fragile makes the country's vulnarability to outside shocks even worse. Its relationship with Syria, which controls Lebanese politics, in turn makes it dependent on events in Damascus.

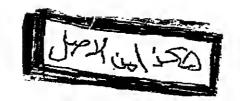
Political vulnerability is compounded by the fragile (£1.65bn) is small - it secounts for 20 per cent of GDP - it is the accumulation of a huge internal debt of more than \$8.5bn that really worries rating agencies.

Moody's estimates that, compared with annual fiscal revenues, the total public sector debt burden averaged 443 per cent over the 1991-1995 period. The government and the

private sector have, however, been abla to convince international investors of the merits of investing in Lebanon by focusing on the bright scenario: that peace, although delayed, is inevitable; that the country has a strong and entrepreneurial private sector and a history of liberal economic management, and that it can and will regain its role as a financial and tourist centre.

Lebanon has an excellent debt repayment history, a net external creditor position and huge assets held by





Attitudes
in US
dismay
UN chief

KIDAY FEBRUARY 38 199

A message to global financial institutions

The future is out of the box.

We have a vision of the future — a vision that blows away the limits of proprietary delivery systems, closed boxes and limited information. Where there aren't "products." Just capabilities packaged around your needs.

Telerate has a new name to match this vision. We've become Dow Jones Markets.

The new name reflects the commitment and worldwide resources of Dow Jones — combined with our intent to create global markets of ideas, information and interaction.

We start with a clean sheet of paper and no limits.

We're listening

We hear you when you say you want the freedom to work from a plane, your desk or a trading floor — to see live market-maker prices, hit them and transact — from a single screen. And to package exactly what

you want on that screen. To track and run analytics on any combination of instruments or indexes. Or be alerted to anything you consider news.

We hear you and we're working on it.

The new leadership team at Dow Jones Markets is directing a multi-year effort to build far beyond our current strengths in news, real-time data and commentary.

We intend to add new strengths in historical information, analytics, interactive transactions and risk-management services

Not just for fixed income and föreign exchange. But also equities, commodities and energy. Including emerging markets and derivatives. Delivered on a secure, high-performance global Internet-protocol network with intuitive navigation through standard browsers.

Full service from a single source. In an open environment. Your way

More than data

We're changing our focus from "What can we sell you?" to "What do you need?"

This positions us to be your strategic partner, not your market competitor. Together, we'll define a unified environment that molds itself to your operations — puts you at the centre of your trading community — and lowers the transaction costs of dealing with your customers.

So you can integrate every process, link to every business party, see all the information you need.

Commitment — and reality

Dow Jones is committed to the success of this vision. We're already establishing strategic alliances, retraining or hiring key people, and deploying advance teams to work with customers.

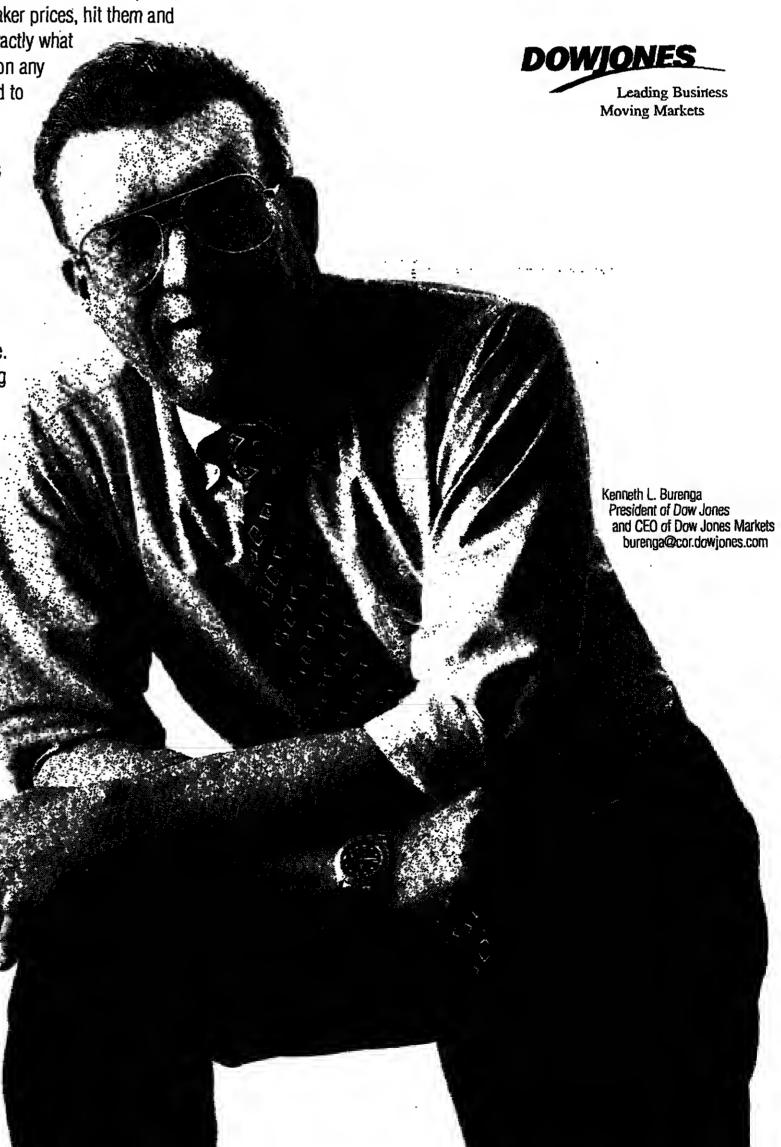
In the meantime, you can continue to rely on our market-moving news, benchmark prices, value-added services, digital platforms, advanced technical analysis and much more.

This is just the beginning. I'll continue to report progress on our plans regularly as my colleagues and I work with you and other customers to reshape the landscape of the financial-information industry.

We're realistic about the job ahead. It won't happen in a week or a month. But we share a mind-set, a resolute confidence and a sleeves-rolled-up attitude that you can count on.

More to come.

Ken Breenan



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US tractor row over new design

Caterpillar and Deere, two titans of the US heavy-equipment industry, are locking horns in a patent tussle over a new generation of tractor that is claimed to increase crop yields and cause less damage to the environment.

At the heart of the dispute is a tractor which dispenses with wheels and instead rumbles gently over fields on rubber tracks.

The tractors have twice the horsepower of conventional farm machines and cost more than \$100,000. They were devised by Caterpillar, best known for its heavy excavators, in the 1980s as a by-product of Pentagon research into rubbertracked vehicles that could function as ammunition car-

Caterpillar has been stung

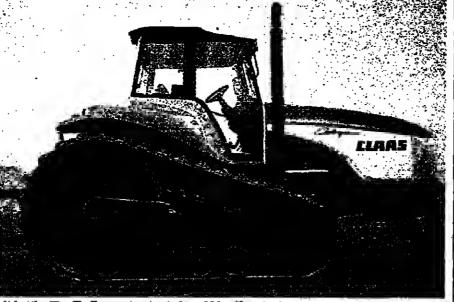
higgest tractor maker, on the grounds that Deere is infringing its patents in plans to launch this summer a rival design of rubhertracked tractors.

Although Caterpillar does

not reveal details of revenues from individual machines, it is believed the company sells about 2,000 of its tracked tractors, called the Challenger, a year. While most of these sales

are in the US, Caterpillar is planning to step up sales in Europe through a deal with Claas, the German farm equipment manufacturer. Claas is to sell the Challenger machines under its own name, and later plans to manufacture them in Germany under licence It is hallowed Deere is wor.

ried that Caterpillar's efforts to expand activities in the



Belt battle: The Challenger tractor to be sold by Claas in Europe

business is a strategic threat to its own business.

"aggressively pursuing" the action against its near neighbour - both companies are based in Illinois - in a case that is expected to come to court by the end of the year. Deere said It was contesting the action.

The key to the suit is a series of Caterpillar patents over the track design and linkages to the rest of the vehicle. The Idea of using ruhber tracks - in place of the normal steel tracks seen in conventional tracked

vehicles such as excavators and tanks - has been hailed Caterpillar said it was as an innovation in the farm industry. Rubber tracks are particu-

larly benign to fields - soil compaction is reduced so that crops have more air to nourish their roots. Also, soil erosion is min-

In another advantage, rubber tracks, unlike steel tracks, do not dig into roads, so farmers with a rubbertracked vehicle can safely go for a spin on the local highway without arousing the

Underlining the potential that some in the farm equipment sector see for "crawler" vehicles, Case, another US tractor maker, is later this year launching an even more unusual design Tha "Quadtrac" is a tractor built similarly to a tank, but with two tracks rather than

ity in mud. While some in the industry describa tha design as bizarre, Case balieves the machines could appeal to owners of farms particularly prone to marshy conditions.

one on each side to increase

the vehicle's manoeuvrabil-

largest foreign direct inves-tor. Other leading investors were China, Taiwan, Korea and Malaysia. However, most direct investments from these countries have been in other parts of Asia and, to a lesser

per cent of thair investments were in the EU. The report attributes the backed by the business low level of investments in lohhy, have refused to in-Europe partly to the fact that some east Asian coun-tries are still in the early clude them. Mr Jeff Lang, deputy US trada representative, said on Wednesday he

extent, the US. Less than 5

to draw

in Tiger

investors

By Guy de Jonquières

The European Union and its

member governments

should step up efforts to

promote and assist inward

investment from the newly

industrialised countries of

east Asia, the United

Nations Conference on

Trade and Development rec-

companies in the more

advanced Asian "Tiger"

economies have much to

gain by expanding their

presence in the EU market,

while their competitive

dynamism can benefit Euro-

The report says for algu-

direct investment by east

Asian developing economies

has risen from 2 per cent of

the world total in the first

half of the 1980s to 11 per

cent in the first half of the

Almost 60 per cent of

these ontflows were

accounted for hy Hong

Koug, the world's fourth

1990s.

An Unctad report* says

stages of industrialisation and discourage large capital ontflows. It says east Asian companies are also deterred hy restrictions on inward investment in some European countries, personnel

local content and other requirements for foreignowned plants. Sharing Asia's Dynamism: Asian Direct Investment in the European Union. United

Nations sales sections, New

York or Geneva.

and visa regulations and

WORLD TRADE NEWS DIGEST

Ruggiero in China mission

Mr Renato Ruggiero, director-general of the World Trade Organisation, said yesterday he was planning to visit China in April to try to speed up Beijing's long-stalled admission to the 130-member body. His trip comes as a fresh round of talks is about to start in Geneva between senior Chinese negotiators and officials of key WTO powers, including the European Union and the US. "My aim is to make a personal contribution to promoting the negotiations," Mr Ruggiero said. He sees the earliest possible entry of China, Russia, Ukraina and Taiwan as

one of the trade body's key priorities. Mr Ruggiero is expected to tour not only areas of China which have flourished under economic liberalisation but also less-advanced regions that Beijing uses to try to justify its claim to enter the WTO as a developing country. If this were granted, it would allow Beijing more time to adjust its trade practices to the WTO's internationally agreed rules for open world trade. Mr Ruggiero says it is vital to bring in China and Russia to give the increasingly influential organisation truly global cover. But he has insisted that Beiling must setisfy other countries that it has adjusted its long state-controlled economic system enough to ensure it conforms with the

Free trade plan hits trouble

The plan to create a Free Trada Area for tha Americas (FTAA) by 2005 faces significant obstacles after large differences of opinion emerged between the main countries in the negotiations at a ministerial meeting in the Brazilian city of Recife. Speaking for the four-nation Mercosur customs union, whosa members are Brazil, Argentina, Uruguay and Paraguay, Mr Luiz Felipe Lampreia, Brazil's foreign minister, argued in favour of a "gradual" approach to the negotiations. He said the talks should focus first on reducing subsidies and standardising documentation, before going on to cut tariffs in 2003.

However, the delegation from the US is pushing for negotiations on improving access to markets to start next year, with talks on subsidies beginning two years later. The US also emphasised the importance of common standards on workers rights and the environment.

The ministerial meeting is preparing the ground for a heads of state summit in the Brazilian city of Belo Horizonte in May, which is intended to agree a timetable for FTAA. Leaders of the 34 countries involved agreed in 1994 in Miami to create a free trade area from Alaska to Geoff Dyer, São Paulo Tierra del Fuego by 2005.

Toray plans Czech investment

The Japanese textiles company Toray Industries is to invest up to \$150m in a polyester weaving and dyeing plant in the Czech Republic as a base for entry into the markets of the five-member Central European Free Trade Agreement. The plant follows completion in 1994 of a \$150m investment in a similar operation in Mansfield, UK. The Japanese company did not say how much would be invested in the new plant but an official at Czechinvest, the state investment agency, said yesterday it would be similar in size to the one in the UK.

Output at the new plant will be aimed at markets within the 70m-customer CEFTA free trade region, which groups the Czech Republic, Slovakia, Hungary, Poland Vincent Boland, Prague

Chile urges US trade liberalisation

By Nancy Dunne

A fervent Chilean President Eduardo Frei yesterday sive free trade agreement urged a listless US Congress with Chile". But the speech to seize the opportunity for trade liberalisation now while the rest of the hemisphere is moving on democ-

racy and economic reforms. We do not wish simply to move from a world of ideological confrontation to one of economic competition," be said. "We do not want a world without a soul. We anything." He then issued must be sure that the new history we write together is one of co-operation, creativity, change for the good."

Mr Frei ended his two-day and distrust behind," he

promise by President Bill Clinton to press for trade negotiating authority from Congress for "a comprehenwith Chile". But the speech which he had hoped would galvanise the Republicandominated Congress was received with only polite applause. Several seats were empty for the joint session

Mr Frel got his blggest response when ba said: "We're not asking you for an invitation to the US to join the rest of the hemisphere in trade liberalisation. "We want to leave fears

logue is the instrument of international democracy." "Economic and political change is never easy," he

acknowledged. "The temptation of sbort term profits can turn significant numbers of companies and workers into enemies of the future. Some politicians and voters resist any change that affects their interests." Change means a redistri-

hution of political and economic power he said. "It is for that reason that we attractive the other not. It is aspire to strong democracies. and economies with opportunities for everyone." In the many cross-currents for our ills."

flowing through Congress on

Gephardt, the Democratic , trade and labour provisions. leader in the House, for a US-Chilean bilateral trade accord. However, it would have to include explicit and enforcesble references to international environmental and labour provisions. "Wa know that globalisa-

tion is not guided by com-

passion or solidarity," Mr Frei sald, apparently addressing the Democrats' concern about labour, "We know it has two faces; one our responsibility and our task to make it right, to make it just, not to blame it

Chilean officials have trade, Mr Frei got support many times voiced willing-

the US agriculture secretary. to go to Chile to start a consultative process on promoting farm trade. The White House also said the US and Chile would begin negotiations towards an "open

skies" aviation accord.

expected the administration

to snbmit a proposal for "fast-track" negotiating authority – which means

Congress agrees not to

amend deals - next month.

President Clinton said he

had asked Mr Dan Glickman.

US visit with a renewed said. Frank and open diafrom Congressman Richard ness to negotiate a deal with S Africa uncorks debate over future of wine cartel

Mark Ashurst reports on plans to make the industry more competitive by reforming the dominating KWV co-operative

Fridjhon, South
Africa's most prominent wina analyst, claims there are more prima donnas per square metre in the Cape winelands than at Milan's La Scala opera

They have little cause to be proud, however. Barring a handful of prestigious estates whose wines are always in short supply. South African vineyards have a mediocre record.

The sought-after vintages, made from grapes crushed at the vineyard of origin, comprise a fraction of the country's total wine production. More than 80 per cent consists of indifferent blends manufactured by the Ko-operatieve Wijnbouwers Vereniging, the co-operative-turn-ed-cartel which dominates every aspect of the Cape wine industry.

Known as "the mafia" by many international wine buyers, the KWV controls the production, pricing and wholesale distribution of the vast majority of Cape wines. But after almost eight decades it could be forced to surrender the powers it acquired with the blessing of its friends in the former Nationalist government.

Mr Derek Hanekom, minister of agriculture and a member of the ruling African National Congress, has Isunched an inquiry into the future of the KWV and applauded an investigation hy the Competition Board.

"The Wine and Spirits private company. Control Act that we have ate a more competitive sectry having price-fixing pow-

Exports of South African wine are estimated to have increased by 40 per cent last year, from 7.7m cases in 1995. But few wines have Mr Georgio Dalla Cia, winemade a mark in the interna- maker at the Meerlust estate Chile. tional market and a growing whose Rublcon wine has



Harvesting grapes in South Africa: Sought-after vintages

number of KWV members have reacted to foreign criticism by demanding reforms or threatening to quit the cartel. Last year, 83 per cent of its membership of 4,571 wine farmers voted to convert the co-operative into a

The move is "by far the now has been nicknamed the most important and deter-KWV Act," says Mr Hane- mining matter affecting the kom. He adds: "Farmers are South African wine farmer reconciled to the way this aince KWV was established transformation is going to in 1918, " says Mr Lourens take place. We want to cre- Jonker, KWV chairman. His members hope private sector tor and we are opposed to discipline will produce a any participant in an indus- more commercial approach, expanding the export market heyond analysts' most optimistic forecasts of R1.1hn (\$245m) by 2000, from R480m

The plan is endorsed by

been the standard-bearer for Cape burgundies since the 1980s. He describes the KWV as a "dour and sclerotic organisation" which has done a poor job of selling South African wines.

The protective conditions nurtured by the KWV have removed any incentive for wine farmers to pioneer new harvests or improve productivity. More than half the Stellenbosch wine region, South Africa's Napa valley, is planted with a single vine, Chenin blanc.

Morevoer, the KWV is a relative novice in the export industry. Its wine makers lack the expertise of their Australian counterparts, whose products command higher prices. They lack the marketing flair of other emerging producers, notably

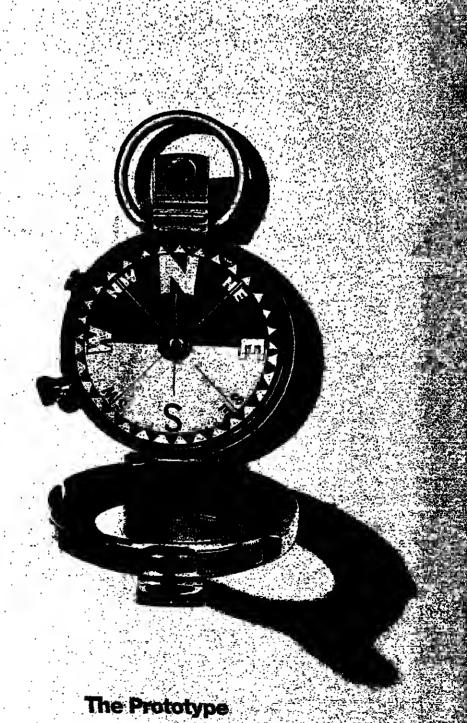
organisation to defend wine growers against the predatory pricing of wholesale distributors during the 1920s, the cartel is largely to hlame for South Africa's transformation into a nation of beer drinkers. Annual beer price increases have trailed inflation for more than a decade. The price of mass market wines has consistently outpaced the retail price index.

As the statutory regulator. the KWV has set wholesale prices which guaranteed a stable income for its members but provided little incentive to experiment with new techniques and blends. Its influence dates from 1979 when the KWV joined forces with Rembrandt, the tobacco and liquor group controlled by South Africs's Rupert family. The alliance gave the producers' co-operative a cocontrolling stake of its biggest wholesale customers, Distillers Corporation and Stellenbosch Farmers Winery. But its right to determine minimum pricing was not affected. "It is difficult to imagine a more entrenched cartel in a so-called free market economy," Mr Fridjhon has written.

The proposal to become a private company has revived doubts about the KWV's regulatory role. In December the plan was stalled by the threat of legal action from Mr Hanekom, who is wary of the KWV's assets, estimated to be worth R2bn, passing into private hands.

"You cannot just take the accumulated assets, start a new company and do what you like," says Mr Hanekom. "We are certainly not opposed to the privatisation of KWV but the assets have to be used for the benefit of all participants, including those who have been excluded in the past."

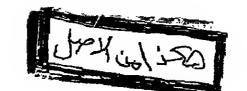
Whatever the outcome, the KWV is unlikely to survive much longer in its current shape. "This is a fantastic opportunity," says Mr Dalla "We have the right soil, the right climate, and interesting variations of warmth and dryness. The KWV is a



At BMW, we've always been proud of our unswerving serior of direction. Purposefulness that brought us together with hat's so accura At BMW, we ve arways and some of direction. Purposefulness that brought us together with the field of satellite to some of the world's leading experts in the field of satellite to some accurate some of the world's leading experts in the field of satellite to some accurate navigation and led to the joint development of a navigation to some of the world's some of the world's leading experts in the field of satellite to some accurate navigation and led to the joint development of a navigation to some of the world's leading experts in the field of satellite to some of the world's leading experts in the field of satellite to some of the world's leading experts in the field of satellite to some of the world's leading experts in the field of satellite to some of the world's leading experts in the field of satellite to some of the world's leading experts in the field of satellite to some of the world's leading experts in the field of satellite to some of the world's leading experts in the field of satellite to some of the world's leading experts in the field of satellite to some of the world's leading experts in the field of satellite to some of the world's leading experts in the field of satellite to some of the world experts in the field of satellite to some of the world experts in the field of satellite to some of the world experts in the field of satellite to some of the world experts in the field of satellite to some of the world experts in the field of satellite to some of the world experts in the field of satellite to some of the world experts in the field of satellite to some of the world experts in the field of satellite to some of the world experts in the field of satellite to some of the world experts in the field of satellite to some of the world experts in the field of satellite to some of the world experts in the field of satellite to some of the world experts in the field of satellite to some of the world experts in the field of satellite to some of the world experts in the field of satellite to some of

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NEWS: UK

Opposition cites United Nations report suggesting France is leading recipient | Broker

Inward investment boasts 'hollow'

By Devid Wighton and Guy de Jonquières

The Labour party yesterday claimed the government's hoasts about inward investment had been exposed as "hollow" following the publica-tion of a United Nations report sug-gesting that France had overtaken the UK as the leading recipient in

Europe.
Figures show that in the first half of the 1990s new investment into tha UK was lower than in the previous five years, while the amount going to France more than doubled.

Mr Robin Cook, Labour's shadow foreign secretary, said the figures undermined the government's claim that maintaining the UK's opt-out from the European Union accial chapter was essential if it was to remain attractive to investors. "The doing anything other than power ahead."

down the road to low wages and poor working conditions," he said.

Hoya Lens UK, a Japanese-owned maker of spectacle lenses, is to make a £10m (\$16.1m) expansion of its plant at Wrexham, north Wales. The project will more than double the existing workforce of 100. The investment follows a visit to Japan last autumn by Mr William Hague, chief minister for Wales in the Brit-ish government. Hoya has been trading in Wales since 1980. Samsung, the Korean industrial

But government ministers accused Mr Cook of misleading use of the figures. Mr Ian Lang, chief industry minister, said: "It is arrant nonsense for Robin Cook to auggest that inward investment in Britain is

group, is to invest more than £4m (\$6.5m) in an extension to the new microwave oven factory at its electronies complex near Billingham in north-east England. Samsung expects its Wynyard Park plant to employ 3,000 workers by 2000, making it the biggest Korean investment in Europe. It now employs 800 people and comprises two factories, making microwaves and computer

"What these figures show is that the road is a cul-de-sac." Britain's share of Japanese investment into the EU accelerated from 40 per cent to 56 per cent. Mr Lang's officials at the industry

department warned that inward investment flows were very volatile. They said that in 1995, foreign direct investment into the UK was \$29.9bn, almost treble the previous year, compared with \$20.1bn for France. But Labour said the significance of

the UN report was the trend in the

figures. In the five years to 1990, investment into the UK averaged \$21.6bn, but this fell to \$17.1bn in the first half of the 1990s, while the fig-ures for France were \$8.1bn a year in the late 1980s rising to \$19bn in the

But the industry department insisted that the UK remained "the biggest recipient of inward investment in the world after America".

Officials said that comparative international figures had to be treated with caution. For example, investments made by non-British companies in the UK do not count as inward investment if the capital is raised on the London market.

The UK and France also have diffarent rules for including equity investments in companies.

But Labour has argued that such factors are swamped by the large number of takeovers of UK companies which count towards inward investment totals.

to deny copper claims

the copper market.

Mr Charlie Vincent and Mr Ashley Levett, who both acted as directors of Winchester during Its dealings with Sumitomo and remain its principal sharebolders. will insist that the compa-ny's role in the world'a biggest copper deal - code-named RADR - was a legiti-

today by Winchester, they also deny that the company had given bribes totalling Y15m (\$120,000) to Mr Yasuo Hamanaka, the former Sumitomo head of copper trading now on trial in Tokyo.

The allegations of market manipulation were made in a BBC television programme this month. It claimed the 1993 RADR deal between Sumitomo and Winchester, involving 10 per cent of world copper production, was intended to prop up the price. The programme quoted from a confidential fax sent by Mr Vincent to Mr Hamanaka which said: "It is imperative that we support the prica of copper at \$1,950 . . ." But Winchester said its buying of options was to provide Sumitomo with a hedge for its buying

Mr Vincent and Mr Levett. who have previously maintained that Mr Hamanaka did not act alone, said the RADR deal was approved by Sumitomo achiefs.

paying bribes to Mr Hamanaka, who has pleaded guilty to charges of fraud and forgery. The prosecution has claimed he received Y15m from Winchester's Tokyo representative as a "gratitude payment".

By John Mason, Law Courts Correspondent

The owners of Winchester Commodities, the UK metal hroker under investigation over the Sumitomo scandal, will today deny claims that their company was involved in a massive manipulation of

mate "hedge" against Sumi-tomo's heavy purchases of the metal.

In a statement to be issued

im tonnes of copper a year.

Winchester also denied

uk news digest

Nokia plans \$32m R&D site

is to spend around £20m (\$32.4m) to create a development facility in Farnborough, 50km south-west of London. The new centre will employ about 600 staff and be the third biggest telecommunications research centre in the UK after Nortel's laboratories and British Telecommunications' site in eastern England.

It will be Nokia's biggest research centre after its main laboratories in Oulu, Finland, and one of six centres the Finnish company has established worldwide. Site develop ment is expected to begin in June.

The facility will house research and development on mobile phone design and basic telecommunications. Mr Geoff Andrews, Nokia UK vice president for human resources, said in The Engineer magazine yesterday that growth over the past five years had made new facilities

■ DEFENCE EXPORTS

GEC systems for Brunei boats

Brunei is to equip three corvettes it is to buy from GEC Marine with British equipment, the UK Ministry of Defence announced yesterday. The order was announced by Mr Michael Portillo, the defence secretary, on a visit to Brunei. An order for the three vessels was placed last year, but no decision was made on the electronics systems for the ship. After further negotiations British Aero-space's Vertical Launch Sea Wolf has been eelected as the main anti-aircraft weapon, with GEC's Nautis command and control system being fitted. The corvette's radar will also be supplied by GEC; the diesel engines will also be British. Brunei also reaffirmed its intention to buy BAe's Bernard Grav Hawk jet fighters.

■ INTERACTIVE TV

Phones chief expects fast access

Mr Rupert Gavin, British Telecommunications' director of multimedia services, forecast yesterday that the former state company would offer television, interactive services and fast Internet access down high capacity telephone lines by the end of the decade. He was responsible last year for one of the biggest commercial experiments in the world on interactive television. More than 5,000 viewers in eastern England received everything from video-ondemand to home shopping down their telephone lines. Mr Gavin told a Financial Times conference in London that the trial had shown a "sustainable" demand for interactive services delivered to television sets down telephone

Granada joins franchise bid race

Granada, the leisure group, has joined a consortium including Mr Mike Newell, director of Four Weddings and a Funeral, which will today submit a bid for one of four film franchises to be subsidised by funds raised through the National Lottery. At least a dozen consortia are expected to apply for £39m (\$63.1m) each in lottery funds over the next six years.

The Granada Film subsidiary is bidding as part of UK Filmworks, which includes Mr David Parfitt, producer of The Madness of King George; Summit, a Canadian film distribution company, and Mr Newell's Dogstar Films.

Another bidding consortia is Pathe Pictures, which includes Mr Simon Channing-Williams, producer of Secrets & Lies, and Ms Norma Heyman, who produced Dangerous Liaisons. It has secured backing from BZW and Coutts, the banking groups, as well as Pathé and Canal-Phus, the French media companies. Mr Richard Branson's Virgin group has joined the producers of *Michael Collins* in The Film Consortium, with financial backing from Berliner Bank and Cofiloisirs, the French bank

 Todd-AO Corporation, a US film and television facilities company, is to expand and modernise its London post production house. Todd-AO diversified into the UK two years ago by buying the television facilities subsidiary of Chrysalis, the media group. Alice Rawsthorn

SOCCER

Premiership appoints new chief

Mr Peter Leaver, a deputy judge at the High Court, has been appointed chief executive of the Premier League in English soccer. He will give up his law firm practice and take up his new post in April on a rolling contract. Mr Leaver is a former director of Tottenham Hotspur, whose chairman, Mr Alan Sugar, was a member of the six-man board which made the appointment. The league denied there was a conflict of interest, saying Mr Leaver stepped down from his role at Tottenham before Mr Sugar becama involved with the club. Sir John Quinton, non-executive chairman of the Premier League, said the most important issues facing it were the future of the Europe's transfer market and the forthcoming inquiry by the UK Restrictive Practices Court into whether the league acted as a cartel in negotiating its television deal with BSkyB, tha satellite broadcaster. Patrick Harverson

■ DUNBLANE MASSACRE

Handgun restrictions become law

The government's crackdown on handguns, following the massacre of 16 schoolchildren in Dunblane, Scotland, became law vesterday. It outlaws all such weapons of more than .22 calibre with the remainder having to be kept in secure gun clubs. The new law provides for compensation to owners forced to hand in their guns. Opposition parties supported Dunblane campaigners in demanding a total ban on handguns, but ministers saw the biggest revolts of recent years as Conservatives added their voice to criticisms of the measures.

Labour leaders appeal for trust

By Our Industrial and Political Staffs

Mr Tony Blair, the leader of the opposition Labour party, was yesterday given a cautious welcome by business chiefs at the most important event so far in his campaign

About 50 chairmen and chief executives of the UK's biggest companies gathered to hear Mr Blair and Mr Gordon Brown, the party's shadow chancellor of the exchequer, urge them to trust Labour. Many guests afterwards described the event as "impressive", though some said they still had doubts about Labour's plans to introduce the European Union's social chapter and Mr Blair's ability to control the left wing of his

Mr Chris Haskins, chairman of Northern Foods and a declared Lahour sup- implying support for porter, said: "You know Labour.



Labour's guests, from left: Jan Hall of ARJO Wiggins Appleton; Gordon Brown; Jeremy Hardle, chairman of retailer W.H. Smith; Chris Haskins; Margaret Beckett, shadow industry minister; Lord Paul of Caparo; Alistair Darling, Labour's chief City spokesman; Sir Peter Heap, board advisor HSBC Holdings; and Cob Stanham, chairman of ARJO Wiggins

business people. What they say and what they do are often two different things."

The carefully-orchestrated evant was staged in a chandaliered reception room at the City of London headquarters of HSBC's Midland Bank offshoot. The host, Sir William Purves, HSBC chairman, told the audience that his decision to hold the event should not be seen as

to business andiences - that positive role in Europe. Labour has changed and the main parties is gone.

tion and shipping group, who challenged Mr Blair to defend his plans for the

Mr Blair repeated the mes- only modest provisions. Labour pressures which are sage he has often delivered Britain had to play a more Mr Blair was also asked

ideological divide over eco- how he would deal with nomics between the two pressures from the left if he won the election. He The first question came answered that new Labour from Lord Sterling, chair- was very different from old man of P&O, the construc- Lahonr. Mr Dominic Cadbury, chairman of Cadbury's, the confectioner, remained unconvinced. He said afterwards: "There are social chapter. Mr Blair said said afterwards: "There are the social chapter contained going to be plenty of old

going to make his task very difficult."

However, Sir Boh Reid. chairman of London Electricity, said: "They're likeable people. They're good, modern, end-of-the-century Brits," The chief executive of a top financial institution said be shared concerns about the social chapter and Labour leftwingers but be was impressed with Mr Blair and Mr Brown.

Aid for colleges reflects quality of their research

By Nicholas Timmins and Simon Targett

Universities with the highest quality research yesterday received grant increases above inflation at a time when higher education as a whole faces a freeze in real

Oxford, Cambridge, Uni-

versity College London and Cranfield are among the winners in the distribution of £704m (\$1.14bn) in research funds for the coming academic year, gaining increases of between 4 per cent and 10 per cent. Losers include Manchester, Exeter and the London Business School, which face cash cuts. In all £3,4bn is being pro-

research in higher education, but the distribution is heavily influenced by last yaar's assesament of the quality of research in each institution and the decision to reward excellence.

vided for teaching and

But because of the impact on the losers, the funding will be phased. Some £12m of the research money is being held back from the biggest gainers to soften the hlow to

the losers. The full amounts should be paid next year, Professor Brian Fender, the council's chief executive. said. Oxford is having £1m withheld from its full allocation and University College London £1.7m.

The overall 2.8 per cent increase is broadly in line with inflation. Student numbers are expected to remain at 747,000, but funds have been earmarked for an extra 7,000 engineering and science students, 5,000 of them part-time

The Committee of Vice-Chancellors and Principals welcomed the decision to concentrate the cash on excellence. "Selectivity is esaential when money is short," Profesor Gareth Roberts, the committee's chairman, said. But the need to cap the universities with the best research showed that funding remained

"grossly inadequate". The Association of University and College Lecturers said funding remained at least 2.5 per cent below its level two years ago.

Editorial Comment, Page 13

Landing marks airline take-off

Boaing 757 landed yesterday at Man-chester airport, in yesterday at Mannorth-west England, carrying Mr Errol Cossey. The aircraft was on its delivery flight from the Boeing factory in Seattla and Mr Cossey was about to launch his third and, he hopes, final airline. Flying Colours, which

plans a fleet of eight aircraft, will carry up to 1m passengers a year for tha Flying Colours Group, which embraces Club 18-30 and Sunset Holldays. Mr Cossey was appointed as chief executive of the group last November with a brief to set up the airline.

It aims to match the profit margins enjoyed by bigger rivals, such as Thomson and Airtours, which operate their own airlines. It should

A former clerk at a regional airport is launching his third venture in holiday travel

enues by £70m (\$113m) to £200m in the year to Octo-

Mr Cossey, after starting out as an operations clerk at Southend airport in southeast England, went on to found both Air Europe and Air 2000. His task at Flying Colours is now to build a group with the profitability and critical mass to support a public offering or attract a

Tha company originated as a management huy-out of Club 18-30 after the collapse also lift Flying Colours' rev- of Mr Harry Goodwin's package tourists from Man-

trade buyer.

International Leianre Group. It later acquired Sunset Holidays, a package operator with a strong presence in the north of England.

Mr Cossey'a recruitment coincided with a financial restructuring to provide funds needed to establish the flying operation. Nat-West Venturea and Causeway Development Capital, hackers of the original buy-ont, were joined by Phildrew Ventures and Prudeutial to establish a group

with £40m of equity capital.

Managers hold 20 per cent

of tha ahares. The aircraft which carries Mr Cossey is the first of four 235-seat Boaing 757s ordered. The aircraft - list price \$61m-\$68m each - will be financed by leasing companies. The airlina will fly

land and London Gatwick to the Canary Islands and the Mediterranean.

Agraement has been reached with British Airways to take over operations of some sarvices from the UK to the West Indies. Although most of its pas

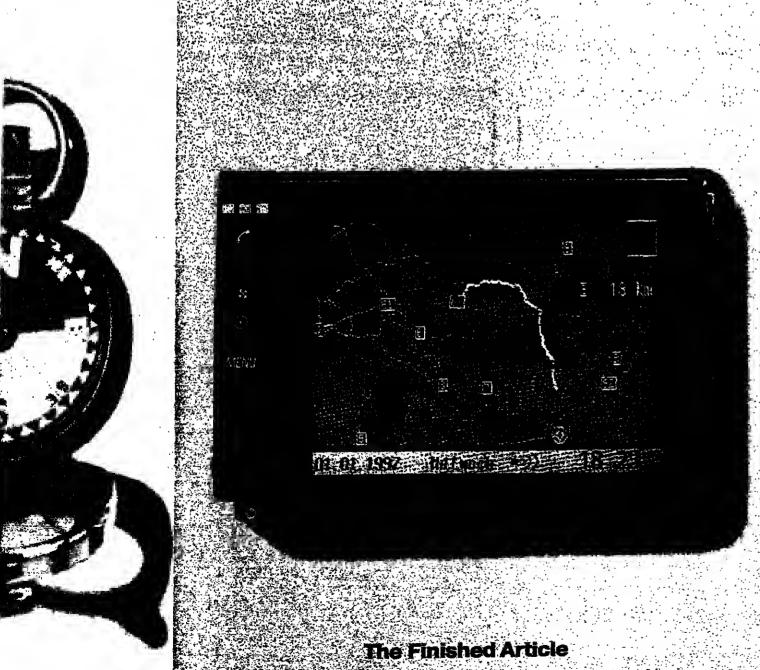
sengers will be on Flying Colours holidays, the company also plans to sell surplus seats to rival operators and independent travellers. Flying Coloura aims to build its share of the UK package market to 10 per cent from the 6 per cent it now claims. Mr Cossey, 54, said that be sees developing the business as a 10-year project. But he would prefer

to "sell out, and leave it in

good hands" than to run a

quoted company. Ross Tieman





almost anywhere on earth to within metres. It will sort out the best route for ur journey. So all you have to do is drive.



Freude am Fahren

MANAGEMENT

hlowing through Germany's hoardrooms, bringing in a younger generation of internationally oriented managers who show less respect than their forebears for Germany's consensual system of corporate governance.

Last month, the traditionalist world of German heavy industry was shaken up hy the resignation of Heyo Schmiedeknecht, 57, and his replacement by Klaus Lederer, 48, as chief executive of Deutsche Babcock, the lossmaking Oherbausen-based plant and engineering group.

Lederer, who took over at Bahcock this month, was recruited from FTT, where he had held executive roles in the US conglomerate's automotive parts division.

He lost no time in announcing that rationalisation measures would claim more than 4,000 jobs as part of a programme of restructuring, disposals and management pruning that would result in Babcock cutting Its 29,300strong labour force hy about a third in two years.

Given Babcock's 1996 net loss of DM434m, Lederer had little option hut to signal radical surgery. But his appointment showed how German companies are now inclined to look outside for new top management and are seeking those with international, and especially, USlinked experience.

There is a generational change under way," says Volker Wiegmann, who heads the executive search division of Roland Berger, the management consultancy, in Germany. "The new leaders are in their early 40s. It is not so long since they completed their studies and they are prepared to push through deci-

At the Munich office of Heidrick & Strugglea, the executive search company, partner Christoph Netta says: "The type of person being sought by companies has changed in the past five to six years. Seven or eight years ago, companies sought people to replace executives who were moving on or out because of age. Now, one third of contracts are to find someone to replace an existing manager and improve

Those German companies

Fresher faces

Peter Norman and Peter Marsh on Germany's generational change



Leaders: Klaus Lederer (left) and Hubertus von Grünberg

home-grown managers are increasingly prepared to skip a generation when recruiting an outsider. Within a big organisation, it is those who have experience abroad that stand the best chance of an executive board post. "The unifying factor is international experience," says Wiegmann. "Big German groups have made it almost obligatory for young highflyers to work abroad for some time, and this generation is now coming to the

January's merger of Mercedes-Benz and Daimler-Benz set in train an injection of younger, internationally oriented managers into the Daimler executive board headed by Jürgen Schrempp. Schrempp, whose first big challenge was dealing with Daimler's lossmaking US subsidiary Euclid in 1982, was only 50 when he took over as chairman of the group in May 1995.

Dieter Zetsche, 43, to he ahandoning the traditional responsible for sales, showed

preference for promoting his paces in Brazil, Argentina and the US, where he was president of Daimler's Freightliner truckmaking subsidiary, before returning to Stuttgart in 1992, Eckhard Cordes, who at 46 has been placed in charge of Daimler's rail and micro-electronic interests, spent the late 1980s as financial controller of Mercedes in Brazil.

> in charge of the commercial vehicle division after a job-hopping career that has taken him from Stanford University in the US hy way of Boaton Consulting, the US-owned group, and senior hoard posts with Zinser, a textile machinery manufactrurer. Audi, the up-market carmaker in the Volkswagen group, and Veba, the Dilsseldorf-based conglomerate.

Elsewhere, 45-year-old Joachim Vogt was this month appointed chief executive of Hugo Boss, the clothing company. The retail and fashion sectors have a plan the restructuring.

tradition of younger execu-tives and Vogt was under 40 when he joined the Boss

that generational change and an infusion of US management ideas have contributed to lay-offs, downsizing and Germany's unemployment of 4.66m.

There is a growing number of companies who define their future in terms of a reduction in the workforce," notes Professor Wolfgang Streeck, of the Max Planck Institute in Cologne for the study of societies. These tend to be headed hy people with experience of US companies or a business school training, he says.

Pointing the way to a new tougher approach has been Hubertus von Grünberg, the 54-year-old chairman of Continental, the Hanover-based tyre producer. Since taking over in 1991, he has cut 3,000 jobs from the company's German plants and transferred work to lower cost

Von Grünberg, who spent 20 years with FTT, has complained that he would have stepped up the transfer of jobs from high-cost locations were it not for "political considerations which have lim-

ited our speed".
With its powerful trade unions and culture of consensus, Germany is not an easy place to push through radical corporate policies. Even Daimler's combative, US-oriented Schrempp climbed down last year on the issue of curtailing work-

ers' sick pay. But it is possible for managers to achieve large joh cuts working within the system. This has been demonstrated by Ron Sommer, the urt Lauk, 50, will be 49-year-old former Sony executive who has headed Deutsche Telekom, the telecommunicationa gronp, aince May 1995.

Sommer, who with Schrempp was one of the first prominent examples of Germany'a new generation of internationalist managers. used "socially acceptable" means to cut Telekom staff numbers by 29,000 to 201,000 in the period to the end of

It remains to ha seen which route Lederer will take in cutting jobs at Babcock. He has ducked out of public view for 100 days to



John Kay

Test of possession

How do you tell whether you own an umbrella, let alone a company?

their shareholders. But what do we mean when we say that? What does, or could, the word own mean that hetween hundreds of thousands of shareholders and the collection of people. assets, hrands and custom-

ers that constitutes British Telecommunications? The classic description of the nature of ownership was provided 40 years ago by the distinguished legal theorist, A.M. Honoré. Concepts of mission on Human Rights if ownership vary across countries and over time. But, Honoré argued, "thare is indeed a substantial similar-Ity in the position of one who "owns" an umbrella in England, France, Russia and China.

In all these countries, the owner of an umbrella may use it, stop others using it, criteria of ownership are lend it, sell it, or leave it hy mat. But it is not at all ohviwill. Nowhere may he use it ous that they own BT to poke his neighbour in the rihe or knock over his

Honoré explained that ownership is neither a single nor a aimple concept. Ownership, like friendship, or ohligation, has many characteristics. If a relationship has sufficiently many of these, it is one we can describe as ownership: just as if an animal has enough elephant-like features, we say that what we see is ah elephant_

Honoré went on to list 11 badges of ownership. Ownership typically confers the right to possess, the right to use, and tha right to manage. Ownership entitles you to any income that is earned, and to claim the capital value of the asset. Ownership imposes an obligation to refrain from harm-

What you own can be selzed to satlafy your unpaid debts, Owners may claim security against

can pass on any or all of than any other customers. and its shareholders satistheir rights to someone else. They are not responsible for fies only two, and these are There is no time limit on the rights of ownership. satisfy their debts. when applied, not to the And owners have an ulti-

relationship between me mate right of residual conand my umbrella, hut to trol. All rights which you have not explicitly conceded to someone else belong to That is what we mean when we say "I own my umbrella". I can put it up. take it down, sell it, rent it. leave it in my will, throw it away. I can appeal to the police or the European Com-

> a thief or the government takes my umhrella away. And I must accept responsihility for its misuse and admit the right of my creditors to take a lien on it. When we run through these tests, we see immediately that shareholdars own their shares in BT. All the

Their shareholding gives them no right of possession, no right of use. If they go to a telephone exchange, they will be turned away at the

although they do have a largely theoretical - right to appoint the people who do. They have a right to such part of the income as the directors declare as dividends. They have no right to the proceeds of the sale of BT assets, except in the wholly fanciful event of the liquidation of the entire company, in which case they will get what value is

The application of another of Honore's tests the right of shareholders to contest the appropriation of the company's assets - was the key issue in a leading case in corporate law, Short v Treesury Commissioners. Their lordships went on to say, in unequivocal terms, shareholders are not, in the ayes of the law. part owners of the

left, hut not much.

And the House of Lords put forward by Honoré, the

companies are owned by expropriation and owners right to use BT services relationship between BT their shareholders. But BT's harmful actions, and rather minor. Three tests BT assets cannot be used to are satisfied in part and six are not met at all. We could Shareholders do not have make a stronger case for the right to manage, asserting that BT is "owned" by its directors.

So who does own BT? The answer is that no one does.

There are many different kinds of claims, contracts and ohligations in modern economies, and only occaaionally are these well described by the tarm own-

The differences hetween BT and my umbrella are so wide ranging that it is hardly likely that my relationship to them could be described in the same way. We have been made victims of an inappropriate

As Charles Handy puts it, when we look at the modern corporation, "the myth of ownership gets in the way".

John Kay is o director of London Economics ond director of the School of Monogement Studies of was right. Of the 11 tests Oxford University. This col-

BT and my umbrella: who owns what

company".

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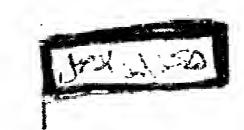
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TAN INEBRUARY 28 1997

Mirror held up to the people

Richard McClure reviews an exhibition of the work of the German photographer August Sander

the National Socialists during the 1930s, there is perhaps no more unlikely figure than August Sander. A pro-vincial portrait photographer, Sander was already nearing his 60s when the Chamber of Visual Arts raided his publisher's office in Cologue and confiscated all available copies of Face of the Age. The book was the first instalment of People of the 20th Century, Sander's mammoth photographic survey of German society which was never to be completed. Along with the destruction of the printing plates, Sander was placed under spryeillance and banned from continuing his work.

Sander's harassment hy the Reich has led him to be viewed alongside "degenerates" such as Otto Dix and others denounced by Hitler for producing "decadent, nauseous and deceitful art". But anyone expecting to see a lurid, Dix-like cast of prostitutes and transvestites among Sander's surviving images will find instead a sober portfolio of prosperous merchants, solemn missionaries and pot-bellied pastry cooks. There is no obvious snoversion or political dissent, only a seemingly contented community going

Travelling · throughout Germany in search of subjects, Sander's crime was to expose the myth of the master race. In wishing "to speak the truth in all honesty about our age and the people of our age", he held up a mirror to the German workforce and revealed the Aryan ideal to be a sham.

mogen in Shakespeare's

Cymbeline is a difficult but

plete with its share of the swarthy, the feckless, and the hatchet-faced.

The stark, spare simplicity of each portrait compounded the offence. Sander was among the first to reject darkroom retouching and his self-styled "exact photography" exaggerates the very diversity the Nazis sought to eliminate. The subjects are pictured in near-identical poses, a blunt uniformity by which Sander hoped to elude the traditional goals of portraiture. He had no destre to reveal what his contemporary Edward Weston called "the very substance, the deeper inner-image, the very bones of life". Rather than a psychological study of a single individual, he aimed to capture the "physiognomic image of a whole genera-

o create this dispassionate record of his compatriots, Sander sorted thousands of images into complex social groups, arranging his subjects "from the highest point of culture downward to the idiot". From the zenith of the artistic and intellectual elite, his index descended through the professions and trades - the clergy, the master craftsman - until reaching those he called "the last people" - a catch-all category for the sick, the insane and the dying.

Although Sander was still attempting to organise his prints into this specific structure when he died, relatively unknown, in 1964, the exhibition has remained faithful to his original frame-The faces staring out at us work. Curated by his grand-

f all the Gerare not those of a healthy, son, Gerd Sander, it is a man artists homogenous oolk but a brave decision particularly persecuted by nation like any other, comparing the matter of the same so easily offends modern-day sensibilities. The photographer was no Nazi - he sheltered Jews and his eldest son died in a Gestapo jail - yet there are uncomfortable echoes of fascist Ideology in his pseudo-scientific hierarchy in which each portrait is allotted a grade, each life assigned a value. With vagrants and gypsies sifted from scholars and aristocrats, Sandar's scale of human significance seems little different from the ruthless classification of the final solution. Two mldgets, whose urhane appearance suggests professional status, are consigned to the ranks of the last people; their physistature condemning them to a place alongside a cretin and a corpse. Even though Sander prided himself on "correct

seeing, observation and thinking", his inventory is riddled with such prejudice. In particular, his portraits of country workers are given a formal dignity above all others. Himself the son of a farming family, Sander shared the Reich's blood and soil devotion to the father land and he placed the "earthhound man" at the moral foundation of his social order, Dressed in their Sunday best or picnicking in cornfields, he presents these peasant families as model citizens, wholesome representatives of rural values.

The farmers' ruddy features lend partial credence to his central tenet that "we can tell from appearance the work someone does or does not do". Unlike the British photographer George Rodger, who deliberately contrasted portraits of sweet- of "the unemployed man"

Theatre/Alastair Macaulay



The myth of the master race exposed: 'Blind miner and blind soldier', 1930, by August Sander

faced SS womeo with their death camp atrocities, Sander believed that physical appearance determioes one's economic and intellectual capacity. A shame then that most of his pictures rebut this claim. With his vacant gaze and thickrimmed glasses, the architect Otto Poelzig could pass for the village idiot, while the artist Heinrich Hoerle looks like a long-lost brother

Yet for all the spurious notions of Sander's thinking, the portraits themselves are deeply affecting and go far

beyond what Thomas Mann called "a treasure trove for lovers of physiognomy". Although Sander's sole purpose was a precise rendering of facial types, he was not indifferent to his subjects' humanity. Only rarely do they seem like insect speci-

Bellocq's pictures of Storyville prostitutes, each is permitted to return the viewer's gaze and assert their identity through gesture or bear-

These are respectful, courteous images which refuse to reduce people simply to their public roles. Wherever one locks, individual lives shine out. A widower embraces his doleful sons. Sander's own wife cradles her stillborn mens pinned to a card. Like child. And everywhere the today until June 8.

fragility of existence is acceptuated by our knowledge of impending war. Sander ooce spoke of People of the 20th Century as "a mosaic that becomes a synthesis only when it is presented en masse". But, here, the beauty is not merely in the mosalc. It is in each

At the National Portrait Gallery, London WC2 from

unique fragment.

Young Brits at the RA

currently, the most cre-ative in the world reaches the Royal Academy this autumn with Sensation, an exhibi- April 5, 1988. tion of the work of 30 artists from the Saatchi collection. Over 100 grown shows has mainly been two pieces combine in an Whiteread, Sarah Lucas, Gavin Turk, etc, including Hirst's "Shark" and Whiteread's "Ghost", will be on display from September

Alongside this boost for Charles Saatchi's art collection will run a very different show, Victorian Foiry Paintings, the first major investigation of 19th-century artists' fascination with the subconscious and the magical. Works by the mad Richard Dadd, Landseer, Rackham, and Turner will be included. It is the RA's first "Christmas" exhibition, and runs from November 13 to February,

The third major exhibition of Treasures of England, comprising over 300 works of art from the natioo'a museums, both university and municipal. It will include celebrated paintings hy Frith, Stubbs, Canaletto, Francis Bacon, Hogarth and many more, and one room will be given over

young British artists as, showing paintings purchased by museums from the RA Summer Shows of the period. The exhibi- articulation and bravura, tion lasts from January 22 to which made an explosive

RA's overdraft, now just over Kissin is able to bold off his 22m, forced it to withdraw from a virtuoso side in Kreisleriana, planned, and expensive, monumental international display of follow, and concentrate his the art of the 20th century.

RA has recovered around film sto- melodic motifs with len from it by its former bursar, Trevor Clark, and the new chief executive. David Gordon, hopes that a series of revenoe boosting the music really sing. measures, like higher fees for its 70,000 Friends and a new coffee shop, plus cost cutting which could involve redundancies, will soon balance the books.

Admissions for current exhibitions, especially for Braque: The Late Works, which is attracting the 1997-98 season is The Art 2.500 visitors a day, are above target, while the recently finished Living Bridges was the most successful architectural exhibition ever held at the RA, and will now tour the Far East and possibly

Antony Thorncroft | Richard Fairman

Recital Demonic pianist

ven in the long lins of great planists Yevgeny Kissin is an enigmatic figure. The young Russian, with his mad-scientist hair and jerky little bobbing bows to the audience, is clearly an individual, but of what kind we never find out - least of all in his monosyllabic interviews.

There was just one Royal Festival Hall on Wednesday, when the real Kissin looked out from behind his protective wall. He bad ended the first half with a fiery conclusion to Chopin's Fourth Ballade and, as he turned to face the audience, his eyes were aflame with a staring blaze of emotion. Either he had fought with a demon and won. Or the music had taken him for a ride in the devil's own chariot.

The Chopin Ballades do oot usually reach this pitch of intensity. Kissin played all four and there was a demonic streak in each of them. So long as he was playing quietly or even up to a moderate force, he would keep a masterly range of subtleties at his fingertips – every nuance of colour and phrasine was there. But heyond a certain threshold the music uddenly jerked up a gear and notes started to clatter past noisily and at great speed, as the demor technician within him took

n one of the Ballades the schizophrenic Second, with its two diametrically opposing moods - this division is already written in. For the rest I was not so sure. It was frustrating in Kissin's tense perform of the First or his wondrously sensitive approach to the Fourth, to realise in each case that so much exceptional musicianship was going to end in a wild hammering of semiquavers to the end.

For the second half he turned to Schumann: Kreisleriana and the showpiece Toccata in C, the latter an awesome feat of end to the printed This interesting trio of home programme. Together, these knowing the Toccata is to energy on etching each of However, in recent weeks the Schumann's rhythmic and razor-sharp individual brilliance. He also found a deep-toned legato that made

> When everything comes together. Kissin is a remarkable pianist, his hlank or defensive exterior locking in an electric musical brain turned up to the highest voltage. He managed to play three encores - a Chopin, a Schumann ("Anischwung from the Phantasiestücke, apparently once used as an encore by Richter) and a Liszt - before the standing ovations set in.

honoured role, particularly with the Royal Shakespeare Company. Forty years ago, Peggy Ashcroft made her first appear ance with the new company in the role. Subsequent RSC Imogens have included Vanessa Redgrave, Susan Fleetwood, Judi Dench and Harriet Walter. Almost 10 years on I can still hear Walter's heartcatching delivery of such lines as with Posthumus looks like a Cho-**Appointment** strings, crack'd them". Imogen several times a victim of circum-Advertising stances; several times innocently discovered in situations where

cusp of black comedy; ardant, radiant loveable - is all heart. for a moment inhabit it from within. Sha gives an unspontaneous - condescending, even masterclass on it, full of bogus "musicality" and "feeling". Her style, now and then, becomes an almost interesting kind of Brechtian detachment: which enables her effectively - almost camply to show the suddenly comic side of several lines when Imogen is in emotional extremis.

mythological tragedy is on the

But the role becomes a ripe series of effects, none of which ring true. "I would have broke my eye-strings" hecomes an excuse

A victim of artifice chant Even the final reunion it is not the RSC's only style. Still

"I would have broke my eye- reographed Moment. Pearce seems particularly keen to win awards with her vocalism: diverse in its use of vibrato, its alterna- its. And yet, there are passages tions of chest and head tones, its contrasts of dynamics and vol- from the play, and to make the ume, and with a range spanning far more than an octave. Just get Joanne Pearce, latest RSC this legato! marcato! pianissimo! incumbent of the part, does not But too often she chants, and too often her chant becomes a drone. Her vocal tone, itself so artificial and cultivated, sometimes reminds me of Margaret Thatcher's. The distance between thought and utterance is, with Pearce, so great that, paradoxically, this hard-working and committed actress herself seems behind all the lavish display of technique and emotionalism both insincere and stupid.

I am sorry to write so harshly. hut Pearce's etyle is the most what so many people have come for a run, a gesture, and a suave to dislike in the RSC. Mercifully,

it is plainly related to the directorial style of Adrian Noble. It is lovely to see Cymbeline onstage, and Noble's staging has real merwhere Noble seems to be detached cast condescend to it as if it was a foolish Victorian melodrama.

aul Freeman's Iachimo is

so super-smooth a creep that it seems preposterous that even Imogen should trust him for a second; and Joanna McCallum, as the Queen. is elegantly and enjoyably Disneyesque in her wickedness. As Imogen's papa, poor passive Cymbeline, Edward Petherhridge makes his voice, more than ever, part pizzicati, part reedy oboe. He pursues to bizarre extremes the Robert Stephens method of identifying one salient word per sentence. sophisticated epitome to date of His broken-wristed ports de bras remind me happily of the Bol-

Posthumus, has his faults: his voice could be weightier, his small, round mouth tends to hang open, and certain RSC contrivances enter into some of his versespeaking. But he has spontaneity (most of the time) and intensity. force and pathos. Stephen Warbeck, like all RSC composers, has provided too much music, most of which is so amplified that it sounds taped; but much of it is good, especially atmospheric in the passages where woodwind notes slowly shift over a brisk percussion. Anthony Ward's designs with vast sail-like sheets hanging and keeping most of the action at the front of the stage (good for the Royal Shakespeare Theatre's problematic acoustics) bring a hright, mythological aura

Amid all this artifice, Cymbeline

itself nooetheless often hursts

into natural, wooderful, life. Jo

Stone-Fewings and Richard Cant,

as Cymbeline's lost sons, are ebul-

lient, artless, tender, funny. Guy

Henry, adorably and hilariously.

reveals a defeatist, effete, vulnera-

hie core within the Queen's shinid

and brufish son Cloten. Ian Hogg gives Belarius the right sturdy

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to the play that suits it well.

he bandwagon marketing to 19th-century British artists,

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BRUSSELS

contemporaries; to May 4

known prints by their

CONCERT Palais des Beaux-Arts Tel: 32-2-5078200 (Concerts) Koninklijk Filharmonisch Orkest van Vlaanderent with conductor George Benjamin and oboist Plet

van Bockstal perform works by Messiaen, Carter, Ligeti and Benjamin; 8pm; Mar 1

DUBLIN

EXHIBITION Irish Museum of Modern Art Tel: 353-1-6718666 IMMA Collection: Figuration:

this exhibition of painting, sculpture and mixed media looks at a variety of themes - from the body in action to gender issues with traditional approaches to figuration set alongside more abstract representations. Featured artists include Pablo Picasso. Antony Gormley and Janet Mullamey; to Mar 9

EDINBURGH

CONCERT Edinburgh Festival Theatre Tel: 44-131-5296000 BBC Scottish Symphony Orchestra: with conductor Martyn Brabbins perform works by Sousa, Ives, Gershwin and Copland; 7.30pm; Mar 2

LONDON

CONCERT Royal Festival Hall Tel: 44-171-9604242 Philharmonia Orchestra: with conductor Christoph von Dohnanyi and planist Murray Perahia perform works by Webern, Mozart and Schubert, 7.30pm; Mar 2 Wigmore Haff Tel: 44-171-9352141 Leslie Howard: the pianist

performs works by Mozart,

Schumann and Liszt; 4pm; Mar 2

EXHIBITION National Portrait Gallery Tel: 44-171-3060055 Variations on a Thame: exhibition celebrating Britain's musical heritage of the past 150 years, including some rarely seen images from the gallery's archives. Composers featured

include Coleridge Taylor, Britten

and Rawsthome; to May 26 OPERA Queen Elizabeth Hall Tel: 44-171-9210600 Der Freischütz: by Weber. Conducted by Graham Jackson and performed by the Chelsea Opera Group Chorus and Orchestra. Soloists Include soprano Elizabeth Woollett, tenor/ baritone Adrian Clarka and bass Gerard O'Connor, 7.15pm; Mar 1

LOS ANGELES

EXHIBITION Huntington Library, Art Collection and Botanica Gardens Tel: 1-818-405-2100 Masterpieces in Little: Portrait Miniatures from the Collection of Her Majesty Queen Elizabeth II: this travelling exhibition from the British Royal Collection features 75 miniature portraits, many of which have never before been on public display. Spanning four centuries, the collection includes pieces by Hans Holbein the Younger, Nicholas Hilliard, Isaac Oliver and Jeremiah Meyer. Shaped by the individual preferences of members of the royal family, the collection is

valuable from both a cultural and historical standpoint; documenting marriages, court favourites and notable avents; to Apr 13 The J. Paul Getty Museum Tel: 1-310-459-7511

 Figure Drawings: an exhibition of 26 works from the museum's collection, dating from the 16th through to the 19th century. The drawings ranga from nude figure studies to images of people at work and leisure; to Apr 6

■ MUNICH

EXHIBITION Neue Pinakothek Tel: 49-89-23805-195 Der Architekt der Neuen Pinakothek - Alexander von Branca: exhibition devoted to the work of architect Alexander von Branca, who designed the new building for the Neue Pinakothek after the museum was destroyed in the second world war. The display not only focuses on von Branca's architectural projects, hut also features a selection of his watercolours; to Mar 9

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 Peter Grimes: by Britten. Conducted by Jun Markl and performed by the Bayerische Staatsoper. Soloists includa Pamela Coburn, Ann Howard and Frances Lucey, 7pm; Mar 1

■ NEW YORK EXHIBITION The Metropolitan Museum of

Art Tel: 1-212-879-5500 Domenico Tiepolo: Drawings,
 Prints and Paintings in The Metropolitan Museum of Art: the son and collaborator of Giambattista Tiepolo, Domenico Tiepolo was a gifted artist in his own right and one of the most appealing draughtsmen of the 18th century. This exhibition features the work of Domenico Tiepolo in the museum'a collection, which includes one of the largest concentrations of his drawings in the world; to

JAZZ & BLUES Blue Note Tel: 1-212-475-8592 John Abercrombie & Raiph Towner, performance by the izzz gultarists; 9pm; from Mar 4 to

PARIS CONCERT L'Opéra de Paris Bastille Tel: 33-1 44 73 13 99 Orchestre de l'Opéra National de Paris: with conductor James

Conlon perform works by Liszt,

Schubert, Ravel and Mussorgski;

6pm; Mar 3 DANCE Palais des Congrès Tel: 33-1 40 68 22 22

 Swan Lake: chorographed by Ivanov, Petipa, Gorsky and Messeraire to music by Tchaikovsky, performed by the Bolshoi Ballet. Part of the Festival Mondial de la Danse; 8.30pm;

EXHIBITION

Musée d'Orsay Tel: 33-1 40 49 4R 14 Auguste Préault (1809-1879):

Sculpteur Romantique: exhibition devoted to the work of the French sculptor Auguste Préault, whose bronze and stone sculptures show influences of Realism and Romanticism, included are portrait sculptures, sculptures inspired by literature and other objects; to

THESSALONIKI EXHIBITION Thessaloniki Cultural Capital '97

Tel: 30-31-867860-6 Three Swedish Photographers: exhibition of work by Anders Peterson, Christer Stromholm and Tulja Lindström, all of whom have left their mark on contemporary Swedish photography. The exhibition is being held at the Helexpo; to Mar 6

ZURICH OPERA

Opernhaus Zürich Tel: 41-1-268

 Faust: by Gounod. Conducted by Rafael Frühbeck de Burgos, performed by the Oper Zürich. Soloists includa Cecilia Gasdia, Reinaldo Macias, Ruggero Raimondi and Oliver Widmer; 8pm: Mar 2

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17.30 Financial Times Business Tonight

CNBC: 08.30

Squawk Box 10.00 European Money Wheel

Financial Times Business Tonight

Philip Stephens

Unacceptable risk

The insurance industry may be keen to replace parts of the welfare state - but only for the fit and the affluent

The state is in retreat. Its boundaries must be drawn ever more tightly. In this age of the individual, we are to fend for ourselves from cradle to grave. The spendwrite you a policy. ing axe will cut deepest into the bloated welfare budgets which are the legacy of the

postwar settlement. Such, in varying shades, is the received wisdom of the times. Some, like Bill Clinton in tha US or Tony Blair in Britain, may promise to slow the process. And collective social welfare will not be surrendered easily in Germany and France. But the ideological tide, we are told, runs against governmeot. Global competition and a smaller state fit hand in glove. Private must

replace public provision. Even on the left, this ceat view of the post-millennium world carries echoes of inevitability. Projecting the present into an indefinite future is a universal weakness. Roosevelt and Beveridge are now falleo heroes.

Mr Clintoo, a New Democrat, was the first to start unpicking the New Deal, Mr Blair, on the threshold of power as the leader of New Labour, proclaims that only the centre-left has the capacity to reform (spend less on) Britain'a oncetreasured welfare state.

At some point, though, seductive theory meets reality; ideology confronts empiricism. It is then that A shift to private we see the snag. It is a serious one. The era of big government may be over. And anyone can squeeze provisioo at the margin if they are not much fussed about regressive. the dismal condition of the underclass. But those who would dismember the welfare state rather than merely curh its more voracious appetites have to offer be those least alternatives.

Easy, they say. The mar-ket will do the joh. It is much more efficient. That is wbat savings plans and insurance policies are for. Personal pensions, life and bealth insurance, mortgage protection policies, unemployment and long-term care insurance - you name it and the industry will

And it will. But only if you are fit, able or affluent. The poor, the sick and the unemployed need not apply. Nor need the growing number in insecure jobs; nor those deemed more susceptible to illness by virtue of their genes. For at the very moment when private insurance is being promoted as the successor to collective provision, It is becoming ever more unsuited to the

Consider ooa or two atrawa in the wind from Britain in just these paat weeks. The Association of British Insurers said the oumber of people taking out private health insurance has fallen by 1m from a high point of nearly 7m in 1990. Some doomsters say the numbers could fall by another 3m in coming years.

disputed. But the trend is clear enough. A few years ago, private bealth insurance was the future. No longer. For all its institutionalised squalor, the taxpayerfinanced National Health Service is apparently preferable to the escalation in the premiums charged by private insurers: the more so

provision would be seriously Those most in need would able to afford

insurance

for those fortunate enough to be in good health. Then there is genetic test-

ing. For now, Britain's Joseph Rowntree Foundainsurers are prepared to allow prospective customers to keep the secrets of their genes when applying for life insurance. But sooner rather than later the good genetic risks will be separated from the uninsurable bad. As one insurance man explained, once some companies screen ont the vulnerable, the competitive presaures of the market force others to follow suit.

There is a broader trend here. The market for motor insurance bas loog been aegmeoted. Premiums reflect where you live, local crime rates, the type of car you drive, your drinking hahits and your profession (many companiea refuse cover to journalists). This fragmentation is spreading rapidly to all forms of welfare insurance. The result: a multiplication in exclusion clauses, premium loadings and uninsurable risks.

You can hardly blame the industry. Traditiooally, ignorance has allowed it to spread risk thinly. The advance of technology has transformed the position. If the atrong can be readily distinguiabed from the weak, why should the former be asked to subsidise the latter? Redistribution is not a function of the market. If society wants less inequality, that is a task for the state

Other forces run in the same directioo. Flexible employment markets nourish competitiveoess. They also mean less security for those in work. Insurance to bridge the gaps between short-term employment contracts is either prohibitively expensive or, more often, unavailable. It is a question of moral bazard. If cover was more freely offered, policybolders would be encouraged to take extended holidays.

The evidence for such tree Trust

LETTERS TO THE EDITOR Number One Southwark Bridge, London SE1 9HL We are keen in encourage letters from readers around the world. Letters may be faxed to 44-171-873 5938 (please set for to fine): a mall detects efficient Published letters are also available on the FI web site, http://www.FI.com. Translation may be available for letters written in the main international languages.

European security must include the Russians

From Mr Frank Blackaby. Sir, Your editorial "Nato's leap in the dark" (February 25) seems to have accepted in a somewhat uncritical way a number of arguments put forward by those who favour Nato expansion.

COMMENT & ANALYSIS

shortcomings is not simply

anecdotal. A report pub-

lisbed this week by the

tion* looks at the cost of

private provision in three

areas of welfare from which

the state has already begun

to withdraw: mortgage pay-

ment protection, long-term

incapacity and long-term

The study finds that in

these three, very limited

areas a married man of 45

would pay £900 per year for

insurance. For someone oo

average earnings that is the

equivalent of a rise of 6 per-

centage points in the basic

rate of income tax. Even

then, many would find

themselves with limited

cover and some would be

from all this are obvious.

Public welfare is redistribu-

tional. The less advantaged

are subsidised by the more affluent and able-bodied as

risk is apread across the

widest spectrum. A shift to

private provision would be

seriously regressive. Those

most in need would be those

least able to afford insur-

aoce. Many would be

stranded in a oew under-

None of this is to dispute

that the present, monolithic

structure of welfare provi-

sion is a child of the eco-

nomics and the demograph

ics of the 1950s rather than

the 1990s. Like everything

elae it must adapt to

change. In Britain, there is

obvious scope for an expan-

sion of mutual self-belp

within companies, trade

unions and communities.

The private sector has

role. Bot before we abolish

the welfare state, we should

think a little more carefully

about what might replace it.

*Private Welfare Insurance

and Social Security, by

Tania Burchardt and John

Hills, £13.45, published by

York Publishing Services in

association with the Rown-

class of the uninsurable.

The wider conclusions

excluded completely.

For example, it is suggested that without US military presence there might be "renationalisation" of European states' defence policies. The opposite is more likely to be true. All the moves to "denationalisation" - the mixed-force brigades and the European

From Mr Anthony H Rowley. Sir, Mr John Major's sneer-

ing comments in parliament

party and North Korea being

alone in "reviling" privatisa-

tion may be in keeping with

the intellectual capacity of

should be an informed pub-

The Underground system

is outdated, inefficient, dirty

and dangerous and patheti-

cally inadequate compared

with modern, efficient, clean

and safe systems elsewhere

(in Tokyo, for example). It

tunnels, renewal of rolling

stock, and improvement of

station infrastructure.

This requires massive

clearly requires hig improve

meets including re-boring of

are not worthy of what

lic debate on privatising

London Underground

the Tory leadership, but they

about the British Labour

rapid reaction force - have been European initiatives. The Americans have been

distinctly cool to these ideas. Nato, you suggest, has put

limits on the intensity of quarrels between member states. In fact, Nato has done nothing about the persistent hostility between Greece and Turkey. It has, if anything, exacerbated it with the "Cascade" programme which accompanied the Conventional Forces in Europe treaty. Under Cascade both states acquired large quantities of modern weap

injections of capital. Yet the record of the private sector

in capitalising transport ven-

tures is hardly encouraging.

sit Railway system was pred-

property development along-

side stations would largely

finance construction of the

Hong Kong government bad

to make repeated injections

MTR to make good shortfalls

of revenue over debt servic-

ing costs. The Channel tun-

sector financing of transport

infrastructure projects can

There are obvious social

dimensions to transport eco-

nomics and it is Mr Major'a

blithe assumption that the

nel is another egregious

example of how private-

go sadly astray

aystem. In the event, the

of public money into the

icated on the notion that

The Hongkong Mass Tran-

ons at knock-down prices. Then you suggest that "at least in theory" Nato has set standards for civilian control of the military. The Treaty of Washington says nothing about civilian control of the military. In the periods during which, in Greece and Turkey, there was military

Nato was unconcerned. The big argument here is simple. After the end of a war, if you want peace you should bring the former enemy into your security structure. That was done

market will provide a com-

doubts of the opposition on

this score. London Under-

ground lacks morale in an

ability of the private sector

there is oo reasoo why a

properly managed and ade-quately capitalised public

entity should not transform

the current shambles under

of oational pride. Cosmetic

improvements by opportu-

nistic private investors are

hardly an adequate substi-

standard. Jet engines con-

Anthony H Rowley.

Nishi Azabo 2-18-2,

Tokyo 106, Japan

London into a network

age of simplistic faith in the

rather than the honest

control of the civil sector,

with Germany after the second world war, and as a consequence war between western European states is no longer credible. After the end of the cold war the overriding need was to bring Russia into the European security structure. Instead, we have what George Kennan has called "the most fateful error of American policy in the entire post-cold war era".

Frank Blackaby, 9 Fentiman Road, London SW8 1LD UK

Private cash no panacea for Underground | Not yet on the

plete solution that is risible, Sir, You may be correct to suggest, as you do in your leader ("Age of the new trains" 25 Fabruary 1997) that new train operating companies "have smartened up their services with new to cure all economic ills. Yet paint and new uniforms". But many, if not all, of those companies are still using the same old rolling stock with tired engines, tired carriages and worn-out seats. Having a naw livery for meo and which could again be source machines does not make up for still uncomfortable

> Kenneth Armitage 6 Debden Valley Drive, Kesgrave, Suffolk, IP5 7FB

right track

An acceptable quality level should mean right all the time

From Mr Philip B. Crosby. Sir, I find it hard to believe such a sophisticated organisation would fall for a programme like "six sigma" ("A black belt in quality", February 24). This is an extension

of the "acceptable quality levels" approach that produced years of things that did not work as planned. It requires measurement and analysis to determine "what

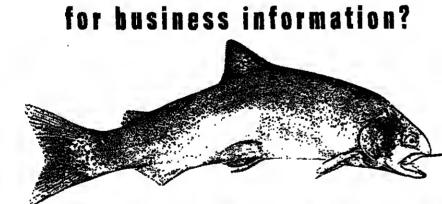
is good anough". It costs much more than just learning how to do things right

Think about it. If we accept that we can drive through 3.4 stop signs per million, then what bappens to the integrity of the driving system? Semiconductor chips contain millions of components, and every chip tain several million characteristics, which brings about an obvious question of reliability, I fail to understand why people keep digging up these old ideas when they have been proven to increase the price of non-conformance and make trouble for the customers. Business is transactions and relationships. Quality management is

about getting all the transactions correct every time, while beiping employees, suppliers and customers to be successful. It is not about how many babies it is permissible to drop before someone complains.

Philip B. Crosby P.O. Box 1927 (164 Palmer Ave.) Winter Park, Fl. 32790, US

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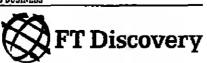
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Europa · Michael Stürmer

Given undivided attention

define themselves afresh and think about what sort of Europe they want



including enlargement of the European Union, eastward expansioo of Nato and the strengthening of the Western European Union.

Perhaps the greatest impact has been felt in Germany, where it has oot only altered the way Germans see themselves but also changed tbe country's positioo in Europe almost beyond recog-

There is a consensus in Germany - across the political spectrum - that the country must continue to be integrated in Europe and in the Atlantic alliance. The importance of that integratioo was emphasised by Mr Helmut Kohl, the chancellor. when he said that European integration for the 21st century was a question of war

or peace. But the changes since 1989 have left a legacy which means that Germans need to define themselves afresh and think about what sort of Europe they want. There is a danger that without such a process the European project will tose popular support.

Overcoming the country's division bas been more difficult than axpected. Party politics in the east and the west are so different that there is a serious risk of misunderstanding.

So far, the east German economy bas not seen the dramatic take-off needed, and DM1,000bo (\$598bo) has gone largely in the upkeep of a population that cannot earn its passage. Disenchantmeet in the west is mixed with resolve that an alternative to success cannot be permitted. In the east, in spite of many dashed bopes, unification is still seen by a large majority as a cause of

The prospect of European economic and monetary union adds a further chalienge, however. Most Ger- Fall of the wall; sparked off a chain reaction

loss of certainty that will folof the founder members such low the abolition of the D-Mark than on the gain in security from an ever closer

Sixty per cent of Germans are against Emu - and the rest do not support it. Many find the economic arguments wanting or, at best, uncertain. The government's attempts to educate them have been modest, and have not touched the deeper layers of unease.

This concern about the common curreocy is adding to unbappiness with the Brussels bureaucracy and irritation with red tape and intrusive legislation.

In Austria, Mr Jörg Haider, leader of the rightwing Freedom party, has just scored a resounding success at the poils with an aoti-Brussels programme which casbes in oo such sentiments.

In Germany such an anti-EU ticket is not feasible. To be pro-Europe and prointegration is not only politically correct, it also correspoods with the nation's nightmares of the past and visioos for the future. A Haider would be forgiven in Austria; the Germans would not forgive themselves.

Yet the intergovernmental conference discussing future reform of the EU is likely to unsettle German public opinion further, it will, for example, be looking for means to streamline the way the EU operates so it can accommodate 10 or more new members from eastern and central Europe. This will

to find reassurance in a core group that agrees on more integration. The EU will also have to

as Germany and force them

structural funds in favour of new members from eastern and central Europe without fresh money coming out of Germany. And there will have to be a restructuring of the Common Agricuitural Policy, which is likely to be controversial in the farming community. In the postwar years the

Germans were probably more Europe-minded than most other Europeans. Virtue and necessity cooverged in Konrad Adenauer'a grand design of integrating the federal republic into western Europe - although it was a matter for cootroversy wbetber this created a framework for eventual reunification or accepted the country's division.

Adeoauer prevailed, and in 1990 his strategy was vindicated when the communist east crumbled and the country was reunified. But that raised the question about what sort of role Germany now sees for itself in Europe and the world.

Are the Germans more European than others, committed to the Europe of evercloser union as described in the Treaty of Rome and still routinely referred to in the Maastricht treaty? Or are they a nation like all others, with a little more population, gross domestic product and history, and a little less

mans tend to focus on the inevitably reduce the weight self-assurance, nuclear clout and worldly wisdom?

If the former is the case, the Germans, by being more Europe-minded than anybody else, are likely to push their neighbours into more redistribute regional and integration. But if Germany is a nation like other nations, the Germans need to decide bow they see their future and what this means for the future of the EU. A combination of history,

geography and the national interest makes Germany the most European of all the European countries, with the possible exception of Luxembourg. The irony remains that the Germans can become Europeans like their neighbours only by being reasonable and reassured, more than in the past, about their own national ldentity.

The enlightened wisdom is that the nation state is dying, because it cannot provide for external security, a flourishing economy and enough capital at reasonable rates. Yet the nation state is alive and well in matters of taxation, the welfare state. internal accurity and environmental concerns - and above all the creation of accountable government.

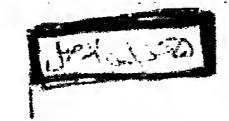
But this places national governments in an uncomfortable position. Good news comes from the global marketplace, from the success of big companies operating worldwide. Bad news about unemployment and continuing hudget deficits comes from national sources. Governments thus find

themselves torn between global forces and national elections, between their desire to create a flourishing national economy and their insight that the world market cannot be fooled for any length of time.

While all of western Europe is bracing itself for the unforgiving discipline of the euro, heartache abont national identity is also more pronounced - for understandable reasons.

In Germany the debate is just beginning over the dividing line between European integration and the

The author is director of Stiftung Wissenschaft und Politik, a German foreign affairs and defence policy institute



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attention

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Friday February 28 1997

Drug policy and the US

last week provide more disturbing evidence that US demand for illegal parcotics is corroding the political institutions of neighbouring countries.

The arrest of Mexico's chief anti-drugs fighter has indicated tha depth to which drugsrelated corruption has reached into that country's military. Many newspaper articles sed on possibly questionable US legal testimony suggest important connections between drug traffickers and politicians past and present

The damage done by narcotics trafficking stretches beyond Mexico throughout Latin America and into the vulnerable island states of the Caribbean. It is the largest single threat both to democracy and to prosperity in several countries.

Yet it is the US - the world's largest consumer of drugs and no mean producer itself - which sets itself up as judge and jury of other countries' contributions to the drug-fighting effort. This is the annual exercise known as "certification".

Those countries which are decertified - such as Colombia last year - face economic and possible trada sanctions. Some governments may ha deemed not to he co-operating sufficiently, but exempted on national security grounds from under strong pressure from itself.

Developments in Mexico in the some legislators to point the finger at Mexico, its partner in the North American Free Trade Agreement. It will announce this year's verdict soon.

Clearly, the US has an important interest in combating drug traffic. Supporters of current policy argue that decertification induced Colombia to take important actions - such as toughening woefully lanient treatment of convicted drug

But the procedure has many flaws. It is inconsistent from country to country, and from one year to the next; it is doubtful whether tha US's fluid yardsticks bave much relevance to the market for drugs; it sets up confrontation between the US and other countries instead of co-operation: and it reinforces the illusion that the US drug consumption problem is tha fault of evil

Moreover, the continued plentiful supplies of all types of drugs in the US market suggest that the measures have had little practical effect. An attack on drugs supplies and traffick ing can be effective only when combined with serious efforts to curb demand. This in turn requires a significant shift in policy and resources, emphasising prevention, education, treat ment and a changed approach sanctions. The administration is to drugs-related crime in the US

Bill at home

the US media about president Rill Clinton is that he used the White House to entertain 938 period, to induce them to give millions to Democrat campaign coffers, Mr Clinton will not be brought down by such an impropriety but will be seriously embarrassed. But there is a risk that the media's obsession with sleaze, and the mudslinging which follows, could sour presidential relations with Congress and gum up the legis-

are easy to find. Republicans oarrow Congressional majorities and the apparent failure of the Republican revolution. Mr Clinton has moved to the centre politically. In the absence of a battle of ideas, it is not surprising that a battle of personalties

and piety could result. The Republicans also have skeletons in their campaignfinance closet. Access to politicians is freely bought and sold on both sides, but Mr Clinton's aides had more to sell. The investigation which the Senate has now initiated has promised to look at financing misdemeanours in both parties. If it holds to this resolution the impact on

the president will be damped. Mr Clinton said in his inaugural address: "Let us commit ourselves tonight, before the eyes

The latest fuss which is exciting of America, to finally enacting campaign-finance reform." In relation to this larger ambition Mr Clinton's entertainment at "friends" over a four year the White House and donations from abroad are relatively minor transgressions. They must not be allowed to dominate the real reform debate, which should focus on stemming the tidal wave of cash spent on campaigns: an estimated \$3bn in all elections in

Politicians' appetite for money is driven by the increasing importance of television The origins of the sleaze hunt advertising. In the 1996 Congressional elections, 90 per cent of victors outspent their opponents. Allowing for the extra fundraising ability of incumbents, two-thirds of the biggest spenders won in open contests. It is too soon to tell whether the overnight-guests affair will hava wider repercussions. So far, it has had little effect beyond Washington, Polls say that most Americans do not care if Mr Clinton used the

White House to boost his campaign war chest. The people re-elected Mr Clinton despite much more serious allegations about Whitewater, "travelente" and the FBI files. It would be unfortunate for the US - and the world - if relations between president and Congress were undermined by a lengthy

partisan battle over campaign

COMMENT & ANALYSIS

Stuck in second gear

Today's Indian budget must speed up reforms if it is to revive confidence in the modernisation process, argues Mark Nicholson

Investment flow into India: a trickle not a flood

oday Mr P. Chidambaram, India's reform-ist finance minister, will deliver what will be one of the most widely watched budgets in India's history.

In the five years since Mr Man-mohan Singh, bis predecessor. set in motion the dismantling of four decades of closed, statist economic policies, India bas attracted unprecedented foreign interest. Few better global investment opportunities have emerged since China's opening nearly 20 years ago: India is a land of 950m people, with a reputed 150m to 250m middle-class consumers, and everywhere a sagging infrastructure in dire need of foreign

The long-term prospect of the Indian market remains. But It has not proved the gold-rush that foreigners - or India's govern-ment - expected. Five years on, foreign direct investment flows form a disappointingly flat curve, rising only from \$1.5bn in the 1994-95 fiscal year to \$2.1bn last year and \$1.7bn for the first nine months of the present fiscal year. This is well short of the \$10bn targeted by the United Front government, and is dwarfed by the \$38bn China received last year. The ratio of actual to approved foreign investment is only 20 per

The figures betray disappointment among many investors. some of whom have found the Indian consumer market smaller than they hoped. "We thought the market was 150m people." says Mr Kimihiro ltoki, Sony's business developer in india. "But actually, the number of people who buy branded goods is much less, perhaps the size of Vietnam or Malaysia."

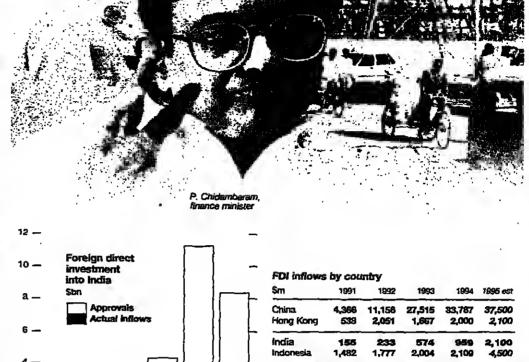
In pursuing big infrastructure projects in power, telecommunications and transport, investors have found the going far tougher than expected. They bave discovered an investment process often dogged by burdensome and unreformed legislation, as well as bureaucratic requirements that remain ardnous and complex. Politically, they encounter residual pationalist resistance to wider economic opening.

In particular, there is pessimism about the momentum of reforms, given the strong influence of left-leaning members in the 13-party coalition - an odd bedful of free-marketeers, communists and populist regional

Murasoli Maran - the industry minister and one of the administration's few convinced liberalisers - have done much to broaden and simplify the investment regime during the government's eight months in office. Mr Chidambaram is promising more reforms in today's budget.

But after the initial explosion five years ago of moves to deregulate industry, liberalise financial markets, cut and rationalise taxes and tariffs, and open up sectors such as power and telecoms to foreign investment. the pace - and daring - of India's reforms has abated.

Many international investors believe the dismantling of India's socialist legacy is, at best, half achieved. It may, they say, take an outright economic crisis - like that which in 1990 both prompted and permitted Mr Singh to act to force tha pace of pending first place is likely to keep most



92

5,800

1,470

4,348

1,375

reforms. These include liberalisation of insurance, reform of labour laws, and the privatisation - or at least a thorough commercialisation - of India's sick public sector utilities and corporations.

One south-east Asian diplomat cbooses the metaphor of India's lumbering Ambassador car to describe the speed of reforms. "We thought they would move quickly from first, second, third into fourth gear, but they've got stuck somewhere between second for fear of the pot-holes."

The shift in foreign sentiment was illustrated this week with news that Siemens, the German electrical engineering group, is to restructure its 51 per cent-owned Indian subsidiary. The move is to staunch losses arising from what the company has described as an an over-ambitious reading of India's power and telecoms

Being in India "is like the prisoner's dilemma", says an executive with a western power company, four years into contractual negotiations with state agencies to complete a 1,000MW project. out, and help shake things up. But no one wants to be the first." drew investors to India in the and take the time."

of them in the country. Instead of walking out, some investors are extending the timetables of their original business plans, or quietly scaling down business develcoment offices. Examples of companies that have reined in their original aspirations include US West, the US telecoms group, AES Transpower, the US power group, and Seagrams, the Cana-

dian drinks company.

3,998

4,879

1,271

5,183

2,351

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It is not all bad news. Korean companies, notably Daewoo and Hyundai in the motor sector. Mr Chidambaram and Mr Ambassador riding along an investments. Japanese compa-durasoli Maran – the industry indian country road. They seem nies, too, are hatching new ninister and one of the adminiscarmaker, has said it is committed to entering India. Honda, its rival, has already done so, announcing plans to manufacture its Honda City car near Delhi, The appearance of 135 Japanese companies at a Delhi trade fair earlier this month was the biggest such gathering by potential Japanese investors in the past five years, according to

Japan's industry ministry. But Japanese companies take a longer-term view. "There are too many players in the same market in the same period," says Mr Yosbiaki Nakamura, Honda's Indian marketing director. "But "We all want someone to walk if we have prepared the ground, we will have an opportunity here . . . Fortunately our manage-But the size of the market that ment allows us to take the risk.

Neither are reforms entirely

bogged down. The government points to a recent flurry of measures, including opening the government bond market to foreign investors; de-licensing new industries, such as consumer electronics; broadening the number of industries eligible for automatic foreign investment; moves to deregulate the coal industry; and impending new company and

Meanwhile, the Indian economy remains strong, with the lat- also arise from an increasingly est figures putting economic critical shortage of electricity. growth at an annual 7 per cent in with annual additions to generthe two years since 1994. This ated output of about 3 per cent year strong agricultural output falling far short of the yearly 10 trial slowdown to produce an estimated 6.8 per cent rise in gross domestic product. Mr Chidambaram will certainly

spotlight these achievements in today's budget speech. Less clear, able to wrestle free of the intercoalition government and accelerate the pace of reforms.

There is little donbting his personal will, but the com-bined political determination of the government coalition is in question. Ever since the coalition was formed in May, the government has insisted there is a "consensus" over the continuation of reforms. India. however, will reform "at its own pace", Mr H.D. Deve Gowda, the prime minister, told the World Economic Forum gathering in

Davos, Switzerland, this month. There is certainly consensus on the things which have been done already," says Mr Kirit Parekh, economist and director of the Indira Gandhi Institute of Development Research in Bom-bay, "There is also a political consensos about the things which will not be done." Among these, Mr Parekh includes any large-scale privatisation. any thing "attacking" organised labour and any vigorous attempts to cut subsidies.

The government has been unable to hide serious rifts over critical reform issues. Mr Chidambaram is publicly committed to opening the state-monopoly insurance sector, for instance. He is opposed by members of his own cabinet and the Communist party (Marxist), whose external support sustains the United Front government in power.

On aviation policy, the finance, industry and commerce ministries all favour allowing foreign airlines to invest in the sector. In particular, they want to approve a long-pending joint venture pro-posal by Tata, the diversified Indian business house, and Singapore Airlines to set up a new private airline. But Mr C.M. Ibrabim, civil aviation minister, opposes this. He says that foreign capital is allowed, though foreign airlines themselves should not be permitted to take stakes in

oreover, the government appears to have lost the political courage that enabled it, in the early months of office, to raise state-controlled fuel prices. It has since balked at a second round of rises, even though the subsidy bill is approaching \$4bn. Such policy conflicts have led

many observers to conclude that the political straitjacket on reforms might best - and perhaps only - be ripped away by an economic crisis. "It might be a good thing if we rushed headlong into a crisis," says Mr Parekh.
"Then quick reforms would become unavoidable."

A crisis of some sort cannot be ruled out. This could be prompted by a looming debt trap resulting from the rising cost of government debt - a stubborn 90 per cent of GDP - and high fiscal deficits. Serious problems could

Many investors are convinced, though, that the reform process will incb along and muddle through, rather than being pro-pelled forward by a crisis. "Wa'd like to see the pace of change though, is whether he will he accelerate. But I just don't see it happening," says the representanal political contradictions of his tive of a western insurance group. "Instead, I see the government taking tiny, baby steps each prompted by the need to tiptoe clear of the abyss."

Of course, Mr Chidambaram might surprise everyone. A clever, proud and ambitious politician, his temperament is not inclined to "tiny, baby steps". Given the fragility of his government's power, history may not offer him another chance to ensure his place as an architect of India's modernisation. All eves will be on the finance minister.

Policy studies

Does tha UK need more money for the research-led uniresearch in media studies, communication, sociology and the performing arts and less in economics, civil engineering, languages, law and mathematics?

It is one of the more controversial questions to emerge from analysis of next year's £3.4bn settlement for higher education announced yesterday. One small part of the changes to the future funding formula points to just that result - an increased allocation of research funds to newer subjects at the expense of older disciplines.

Such a shift is probably needad, provided that it does not go too far. This is partly cause of the growing contribution the leisure, service and communications industrias make to GDP, and partly a reflection of the research which is actually taking place in higher education.

For similar reasons, more money has been allocated to clinical research and nursing. and less to classics, for example. These changes are being phased in, partly because the Higher Education Funding Council would like a debate on wbether it should include a "policy factor" in its research allocations allowing it to influence research

priorities in future. That debate will be lively yesterday's overall settlement, which represents a sensible job

in a difficult year. The outcome, broadly, is more soon.

versities and those with high class research, and less in real terms for the rest. Some will face a painful cash cut.

But by rewarding good performance wherever it is found, the council is managing both to encourage the elite in the leading universities and to allow good performers in the less research-based institutions to survive and prosper, theraby encouraging others to emerge.

in a tight year, the council has also been right to phase in the changes. Over-rapid shifts in income are unlikely to benefit either the winners or losers. The earmarked pot for educa

tional research, focusing on better teaching methods and practice, is welcome, as is the decision to usa some of the funds for the former polytechnics to encourage research links with industry and other universities. The latter is one way of ensuring that while selectivity in research funding favours the strong, others can be encour-

aged to join them. The settlement announced yesterday, sensible though it is, can only be a holding exercise. The extra funds for the elite will probably hold off the introduction of tuition fees for the coming academic year. But all the big questions about university and more controversial than funding and structure still remain. Sir Ron Dearing's report on the answers, due in the summer, cannot come too

OBSERVER Harmonious monickers

All credit to RTZ-CRA for shedding one of the ogliest blots on the corporate namescape. What does it matter that the new monicker - Rio Tinto which were sold a generation

alludes to Spanish copper mines ago? Anything is better than the tongue-twisting combination of initials that has been taxing investors since last year'a Anglo-Australian mining

While Rio Tinto last appeared on the company letterhead back in 1964, when RTZ was formed. the fashion for adopting initials reached its height in the 1970s. The decade of flared trousers

and kipper ties left a legacy of uninspired corporate names including BTR, BICC, and BAT Industries. As late as the 1980s companies were still af it, though: what was wrong with: Guest Keen & Nettlefolds anyway? Of course not all companies

succembed to the acronymic

temptation when they wanted to

signal a break with the past. Remember how Massey-Ferguson reinvented itself as Varity Corporation? Burroughs and Sperry took plenty of stick for changing to Unisys, but at least they were brave enough not to plump for

BS Group. Let's hope Rio Tinto stimulates other companies to start rolling back the years. ECC has already done the decent thing by turning itself back into good old English China Clays. What price a return for Brin's

Oxygen Company, Investors In Industry, or even Badische Anffin & Soda-Fahrik?

Treasure island Seasonal stiff breezes buffeting Guernsey are being augmented by blasts of

indignation from John Roper, head of the Channel island'a Financial Services Commission. At a debate on Emu this week both Sir Alan Walters, former economic guru to Mrs Thatcher. and Alan Black of Price

Waterhouse caused a stir by suggesting that a European economic and monetary union would be had news for the tiny tax baven. While the two speakers are

diametrically opposed on most Euro-issues – Sir Alan remains a fervent sceptic - they seemed to agree on one point, Guernsey could loose its low-tax allure if the UK signed up to a single currency, while the island's position would be "anomalous" if it stayed out of Emu. Roper has taken time out from

that Guernsey "will continue to set its own taxes as always" even if Emu goes ahead. And if Guernsey's position is anomalous, he fumes, "what about Switzerland?

Playing along

■ Congratulations to historic harpist Anna Lelkes who yesterday became the first woman officially to become a member of thet all-male bastion the Vienna Philharmonic.

Not that Lelkes hasn't earned her spurs; she has been plucking her stuff with the Austrian orchestra since 1974, But because she was a woman she was not allowed to become a full member of the highly-regarded but resolutely all-male club.

But there is a word of warning. Although the orchestra voted after a four-hour meeting that it was finally time to admit women - after pressure was exerted by Austrian Chancellor Viktor Klima, among others there was a hint that Lelkes might have to continue as the only female member for a while

There will be auditions in the summer for a tuba, a trumpet, a double bass and a solo viola. says orchestra spokesman Wolfgang Shuster. And while women will be free to compete in any of these categories, tubas and trumpets are instruments clearing his desk - he retires and trumpets are instrument today - to remind financial folk not normally favoured by

women. Now does that sound familiar?

Down and out

Spare a thought for traders on Mamila's stock exchange. Trading lasted a grand total of 18 minutes vesterday before computer technicians admitted defeat and business was suspended. The loss of business is estimated at over \$100m.

A few years ago it was the lagendary "brown-outs" which wreaked havoc with Philippine business and industry as power shortages lasted up to 12 hours. President Ramos counts the end to the power crisis among his . stoutest achievements. The days, however, the problem is a computer malaise" which shuts down the Manila bourse several

times a year. "I'm delighted, actually," says one foreign broker enjoying his unexpected respite. "The market has been horizontal lately. Wa're waiting for foreigners to come back and partake."

Time stands still

■ Looks like the Guinness finally got to them. A colleague purchased a fascinating calendar "Georgian Doors of Dublin" in Ireland last year. It's bound to become a collector's item; the month of February has 30 days.

Financial Times

50 years ago Rhodesia Railways

Salisbury, 27th Feb. A decision regarding the proposed nationalisation of the Rhodesia railways appears to be imminent. The Premier, Sir Godfrey Huggins, questioned in Parliament about his recent visit to London, said that the visit to Britain was to clarify certain matters concerning the nationalisation of the railways. "There are very big financial issues at stake," he said, "and nothing should be done to prejudice the issue in view of the fact that, unless the railways are nationalised. the railway company will money to enable the railway to carry on and develop.

Argentine Market Confusion Unprecedented conditions prevailed in the Stock Exchange market for Argentina railway securities yesterday when, following the official announcement of the split-up among the companies of the £150,000,000 being paid hy the Argentine Government, jobbers decided to deal only by negotiation on paper - that is, by marrying orders. This "system" itself collapsed owing to the large numbers of brokers anxious to deal. Brokers themselves set up a market in the House, doing a big business direct with one another in the manner of the New York Stock Exchange.

FINANCIAL TIMES

Friday February 28 1997

"In a free market, profit is society's reward for those who serve its interests. KADDER

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'Picture-frame' panel said to give brighter image

NEC offers 42-inch flat screen TV set

By Michiyo Nakamoto in Tokyo

NEC, the Japanese electronics groop, has become the first company to sell a large-screen television set that is as thin as a framed painting.

The TV, called PlasmaX, has a 42-incb screen, which NEC says offers brighter images and better contrasts than normal sets.

The PlasmaX went on sale yesterday in Japan for Y1.2m (\$9,600). It contains screen, tuner and speakers in a panel that is only 99mm thick, or one-tenth that of conventional

Japanese electronics makers

bave been rushing to davelop flat screens in anticipation of a substantial demand doe to the Flat screens are expected to

ba popular in Japan, where bulky conventional sets have bogged much of the limited

space within homes. Plasma display panel (PDP) technology, which most manu-

facturers believe is best for been mass-producing plasma large-screen flat TVs, could display panels at a rate of 3,000 not provide images as bright units per month since last as those from conventional sets until recently.

NEC claims it overcame this problem with its new tecbnology. The PlasmaX emits pure colours through a display panel which uses clear, thin, capsulated filters to cut unnec-

However, given high costs, it will take several years before PDP TVs become consumer products, NEC aims to reduce the price to about Y420,000 for a 42-inch TV by 2000. In June, the company plans

to start mass-production of winter Olympic games to be PDPs, which it wants to use as monitors for personal computers, digital video disk videos and TVs. It expects to produce 300,000 plasma display panels by 2000 as well as 200,000 plasma display TVs. "We consider PDP a very

important core technology in the multimedia age," said Mr Hisashi Kaneko, NEC presi-

dent. plays will grow to Y210bn by NEC competitor Fujitsu has 2000.

Vatican chooses oil group to spruce up St Peter's

By Jennifer Grego in Rome and Paul Betts in Milan

St Peter'a Basilica in Rome is TVs and estimates that initial to have a full structural survey and facelift to prepare it for the millennium and the celebration of 2,000 years of Christianity.

In a much needed fillip for the celebrations, which have been dogged by squabbles over funding and project delays, tha Vatican yesterday signed up Emi, the Italian of group, to provide technical and scientific support to check the basillice's foundations and struc-

Eni will also belp clean the 400-year-old marble facade, built by Carlo Maderno. It was last cleaned 10 years ago. The only immediate danger to the facade appears to

involve the risk of the little finger of St James the Greater breaking off. But while many other his

toric buildings in Rome are in far more urgent need of restoration, Emi was lured by the high profile of the St Peter's The oil company can be sure

of the largest possible audience for the smallest possible cost: it is spending a mere L9bn (\$5.4m) over three years. Mr Franco Bernabe, Eni'a chief executive, said his company did not regard the project as a commercial operation,

rather a contribution to improving the face of Rome. Cardinal Virgilio Noe, the head of the Vatican's building and restoration committee, said the joint venture would restore the splendour of the monumental facade for the millions of the faithful coming

to "the highest temple of

Christianity, the domus Petri.

the House of Peter". Work will start next month. Eni will supply technicians, scaffolding and mobile laboratories with facilities to detect fluids in porous substances.

Other projects for the the millennium celebrations include a rail link from the Colosseum to St Peter's and hostel accommodation for pil-

The total cost is estimated to

Abont 40m pilgrims are expected to visit the Eternal City during the millennium

THE LEX COLUMN Smoking out the arbs

FTSE Eurotrack 200:

Gan →

Share price relative to the SSF 120 lodes

are worth around £300m.

GAN

erabla. But at 142p, against a

break-up value of around 180p each.

Paced with the French govern-

ment's latest ball-out of GAN, many will be understandably tempted to ask why the troubled insurer

should not just be allowed to go

bust. Unfortunately, since the com-

pany is mainly government-owned,

the option is not really available;

that is one of the many disadvan-

tages of state cootrol. Nevertheless,

the French government's plan to

privatise both GAN and its retail

banking subsidiary CIC this year is

not a bad second-best - assuming it

is really going to happen. Certainly

entirely at that. If the Commission

is to sanction FFr20bn (\$3,50bn) of

pro quo; it would be well advised to

would be a mistake for the Euro-

the shares have upside potential.

The barbarians may have departed from the gates of US tobacco giant RJR Nabisco, but remaining shareholders should not be unduly concerned. Mr Carl Icahn, tha US artitrageur, had tried to use his stake to force a demerger of RJR's Nabisco food business. But his attempts looked increasingly forlorn.

His list of replacement directors for the board was unlikely to entice too many shareholders. Moreover, the existing management had already substantially improved the operational performance of the group, and its own timetable for emerging Nabisco by the end of 1998 had become more tangibla, But the main problem for Mr Icahn and his fellow raiders was that benefits from a spin-off paled beside the payback if the tobacco industry could universally settle the proliferation of legal suits that it had been facing. And if Mr Icahn rocked the RJR boat, the prospects for a united negotiation by the big tobacco

groups could have declined. Nonetheless, Mr Icahn will be delighted with the \$130m profit he has made from his scrap with RJR. After all, the distant time horizons for any legal settlement would have remained well beyond those of any self-respecting arb. Optimism that such a conclusion was possible had already been reflected in RJR's share price. And given the likelihood of more legal shocks before any settlement becomes e serious possibility, there was a considerable risk that be would have had to become a long-term investor,

Lourho

The European Commission's obsession with platinum seems a bit eccentric since the industry is based almost entirely in South Africa. But it may finally start doing shareholders in Lonrho, the UK conglomerate, some good. Last year Brussels blocked a merger of Lonrho's platinum interests with those of Geocor, a combination that would bave strengtheoed both sides. Now the Commission is making up for that by objecting to the 28 per cent stake in Lonrbo held by Anglo-American, the world's biggest platinum producer.

Lonrho's other investors stand to pean Commission to leave it gain in two ways. First, if Anglo ends up disposing of its shares, Lonstate aid, it should not accept the rho would become a bid target. Assume Mr Nick Morrell, the new promise of privatisation as a quid chief executive, sells the remaining hotels and demerges the African make the bail-out conditional on a trading division, as promised. Lon- sell-off actually being achieved.

Moreover, from the French taxpayers' point of view, much depends on how any privatisation is structured. For one thing, there is a powerful case for breaking CIC from GAN and selling it separately; the natural buyers for the two businesses are likely to be very different. The snag, it will be said, is that the government attempted to sell CIC alone last year, only to receive two disappointingly low bids. But that was not because the retail. bank was being offered for sale on its own; it reflected a set of absurd restrictions on bidders' freedom to change the way CIC was run. If the government wants a decent price this time, it will have to be braver.

RTZ-CRA

The holy grail for RTZ-CRA rho would end up as a debt-free shareholders has been the substanmining group with attractive gold tial increases in productivity and and platinum assets. Second, a production it was going to reap Commission veto may prompt all from its massive capital investment three platinum producers to sit programme. Yesterday, the produc-tion pay-back came through with a down and talk. Lonrho might then be able to acquire the 27 per cent 10 per cent increase. But the prominority in its platinum business ceeds were not what investors owned by Gencor, something it has would have wanted, as earnings fell wanted to do for years. It might 24 per cent. Much of the decline was also swap its 34 per cent interest in Ashanti Goldfields - which Anglo is attributable to adverse currency movements and weak metal prices. keen on - for Anglo's Lonrho But start-up problems in its new shares or for cash, which it could Bingham Canyon smelter knocked return to shareholders. Both stakes profits by another \$100m or so, for which management must carry As ever, with Lonrho, the risks of delay or disappointment are consid-

With capital expenditure still running at \$1.7hn a year, shareholders are still boping for future rewards. But the group's after-tax return on total invested capital - after writing back debt, provisions and goodwill - amounted to an unimpressive 8 per cent last year. It may have been a particularly difficult year. but this does not suggest untold future riches.

The other risk UK investors must now face is that RTZ has become probably the first British company not only to declare profits in US dollars but also to determine dividend policy in the currency. Any weakening of the dollar against sterling would not just mean losses on currency translation but a decline in the UK dividend. And with dividend cover already thin, dividend growth is likely to lag behind earnings anyway. RTZ's 15 per cent prospective price/earnings premium to the UK market therefore looks vulnerable.

> Additional Lex comment on Abbey National, Page 21

Japan threatens court move over US shipping sanctions

By Michiyo Nakamoto

Japan may take the US to the International Court of Justice over the decision by the US Federal Maritime Commission to impose sanctions on Japanese shipping companies. Mr Seiroku Kajiyama, chief

cabinet secretary, yesterday called for immediate withdrawal of the decision and said Japan might take the case to the court in The Hague. Mr Yukihiko Ikeda, Japan's

foreign minister, and Mr Makoto Koga, transport minister, released statements criticising the US move as violating the bilateral treaty of Friendship, Commerce and Navigation. The sanctions, announced in

Washingtoo on Wednesday and effective from April 14. will impose a fine of \$100,000 operated by three shipping companies enters a US port

The sanctions are a response

which foreign shipping companies say severely restrict their ability to use these ports efficiently and at reasonable cost. The European Union has taken Japan to the World Trade Organisation over the prac-

Specifically, the maritime commission noted that the dominance of the Japan Harbor Transportation Associatioo, representing barbour workers, imposes unnecessar ily onerous regulations and high costs on shipping companies - and that these are condoned by the Japanese authorities through regulatory and administrative measures.

In particular, foreign companies have criticised the system of prior consultation, in which they are required to inform the harbour association of any their port schedules.

The US commission claims Japanese authorities have allowed the system to persist

to practices at Japanese ports by not providing licences for new entrants to the stevedore sector, thereby blocking cominance of its barbour group.

Japan's ministry of transport says the dispute is a private matter that should be settled between Japanese and foreign shipping companies and the harbour association. The shipping companies,

October. Its consumer elec-

tronics subsidiary uses the

PDPs to produce flat-screen

production of 3,500 units in the

five months to March will rise

Sony and Sharp tied up last

September to develop large

screen flat display panels

using plasma address liquid

crystal technology that Sony

has licensed from a US com-pany. They aim to develop a

40-inch panel in the autumn

Matsushita, meanwhile, has

launched a 26-inch plasma dis-

play TV which is one-sixth the

depth and about half the

weight of equivalent screen-

size cathode ray displays. The company believes the

worldwide market for flat pan-

els will reach a value of Y70bn

while that for flat panel dis-

for sale ahead of the Nagano

held in early 1998 in Japan.

to 50,000 units next year.

Mitsui OSK Lines, Nippon Yusen and Kawasaki Kisen, issued a statement saying the US move was a "totally unjustifled messure" that imposes unilateral sanctions on three companies which are in no way responsible for restrictive practices. The sanctions could cost Y5bn (\$40.1m) a year.

Beneath the rhetoric there is support for change. Japanese companies have also been victim to the dominance of the pressed for the industry to be deregulated and petitioned the licensing of stevedores.

Brussels may block Anglo bid to raise Lonrho stake

FT WEATHER GUIDE

Continued from Page 1

and rhodium markets. "The commission fears that Anglo would be able to dictate the price of platinum for products such as catalytic converters and jewellery," said a Brussels lawyer. Last year Mr Van

Miert blocked a merger of Lonrho's platinum division with Impala, a subsidiary of Gencor, another South African groop, on the grounds it would have led to a duopoly in the platinum market with Anglo. "I can't really see that

ence between the two cases," said one British diplomat. Gencor is appealing against the decision at the European Court of Justice. Mr Van Miert could either

order Anglo to reduce the size of its shareholding in Lonrho there is a razor blade's differ- or impose a voting block,

rendering Anglo's shareholding impassive. Such an order would pose serious problems for Anglo the world's biggest platinum producer via its Rustenburg offshoot - which bought the bulk of its Lourho shares at 180p. They closed at 141p last night.

Europe today

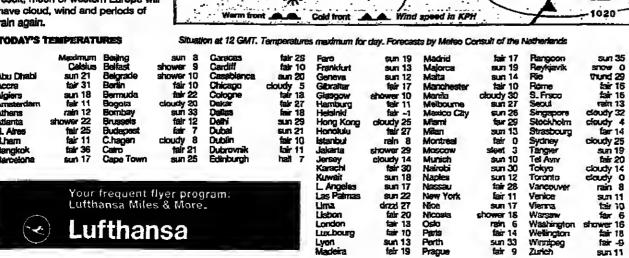
Most of the Continent will have a relatively calm and mainly dry day. However, Scandinavia will be mainly wet. A front over the western part of Norway will bring cloud and rain. Inland, the rain will turn to sleet and snow. Western Europe will be cloudy with

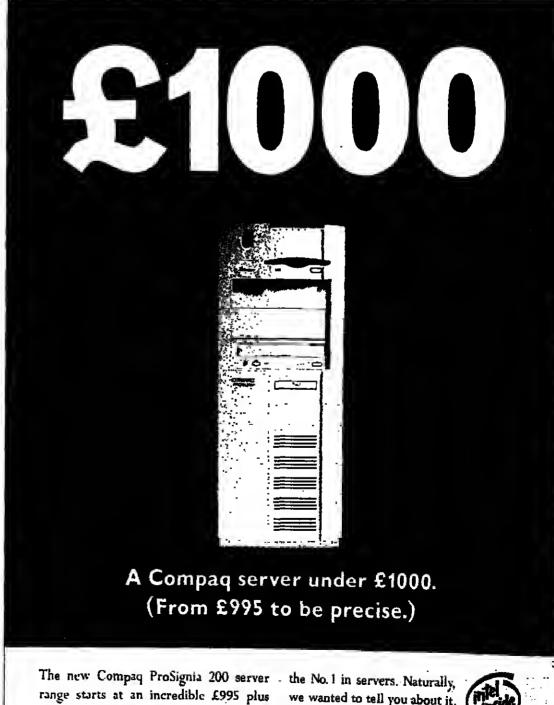
aunny intervals. It will be mainly sunny around the Mediterranean There will be little cloud in Spain, in southern France and in the northern part of Italy. Eastern Europe will be cloudy with patches of light sleet or rain. Over the south-eastern part of the Mediterranean, a low pressure system will bring cloudy skies and heavy rain to Turkey and Greece.

Five-day forecast

The high pressure system that brought settled and mainly dry conditions will move to the southeast, making way for low pressure systems from the Atlantic. As a result, much of western Europe will have cloud, wind and periods of

TODAY'S TEMPERATURES

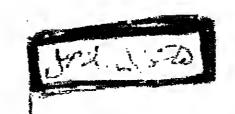


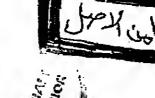


VAT. This is the first time that a Compaq server has ever been available for less than £1000. Yet, it is still a server range with all the performance and reliability features you would expect from Compaq, we wanted to tell you about it. Compaq ProSignia 200 servers have Intel Pentium processors. Pentium



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RECRUITMENT

From cars to training, an intranet aids corporate communication, says Richard Donkin

the energy of the average male British executive more than and type of company car to which he feels entitled.

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P.TZ-CRA

So it was no surprise to find a wide variety of models on Silicon Graphics' intranet site during a visit to its City of London offices last week. "We found that people were spending a lot of time collecting information on company cars from outside sources when it came to the time they were due to change, says Bob Dukes, manager of the City office: The car list allows them

SSIZE 9 quant P to access the information quickly and easily. We have options because people like to keep up to date with how their options are

intranet sites, which like this one can be "locked off" portions of an Internet site for use only by employees, can be designed simply as an internal forum for views and messages, or they can, as at Silicon Graphics, be adapted to communicate company policies and services.

Silicon Graphics' intranet now includes training Internet site, including however, can work both

courses, sales information and updates about products.

"We no longer need to fly down someone from Scotland, for example, to undertake training on a new product in London. They can see and download a presentation on the intranet," says Dukes. The entry point to the company intranet, nick-

named Silicon Junction, allows access to more than 100,000 pages running any thing from the daily lunch done the same with stock menu to presentations on management policies or new products. Individual employ-ees can also develop their own pages in which to describe their experience and skills. Edward McCracken, Sili-

con Graphics' chairman and chief executive officer, says backbone of company-wide communications. Like many other compa-

nies, Silicon Graphics posts job vacancies on its general

"If someone had the ability inclination to check out unito work for Silicon Graphics they would stand o 10 times better chance of getting that job if they showed the initia-tive to master the technology involved in applying on the Web," says Dukes.

As a general job-finding aid, the internet has become an invaluable tool. Not only can potential applicants study a target employer before applying, they can see externally advertised vacancies. A browse on the Net this week turned up vacancies on many company sites. The BBC, for example, had a long list of posts plus information on how to apply. The big computing compa-

nies tend to have the most the intranet has become the sophisticated sites but others are catching up quickly. Arthur Andersen, the accountancy firm, has a particularly attractive site. The Internet jobs market,

application forms for ways. Graduate recruiters cars and computers tends to report on directors' pay. may not have the time or be mutually inclusive.

dip into the virtual car pool

versity sites. But if they do thay may find out a few things about potential or existing candidates that tend to be omitted from application forms. At Brunel University, for example, a quick search among students' personal bome pages proved far more revealing than the sanitised and well-drilled entries

It was interesting just how much intranet information on the Silicon Graphics site would normally come under the administration of

that appear on application

forms.

Is this yet more evidence of the automation of the personnel function? Dukes believes that providing company car information represents a big saving for the company. An even higger one would be to get rid of company cars entirely. But that is unlikely - the love of

Topped-up fees Company chairmen in small and medium-sized UK companies have seen their fees rise markedly over the last year, perhaps reflecting their increasing responsibilities and commitments in tha

wake of the Greenbury rose almost 50 per cent. Non-More time, and money, for chairmen

Company turnover (Em)	0-10	11-30	31- 100	101- 500	501- 1,000	1,000 4
Median days:						
Maetings	10	12	12	13	16	18
Preparation	8	10	12	12	13	. 15
Other	S	13	21	15	19	17
Total Days	26	35	45	45	48	50
Fees (£ '000s)	30	40	50	\$5	78	110
Per day (£)	1,154	1,143	1,111	1,222	1,562	2,200
Increase on 1996 (2)	244	523	355	487	134	200
Increase in 1996 (%)	27	84	47	38	9	10

According to figures* sup-plied by the Top Pay

Research Group, a consul-

tancy that advises indepen-

dent directors, chairmen of

companies with turnover

between £11m and £30m saw

their fee income rise 84 per

cent. Fees for those heading

companies with turnover

between £30m and £100m

dent surveys, bas been looking at the employment preferences of students in central Europe

The research **, covering just over 1,000 students in eight top husiness or engineering schools in Poland, Hungary and the Czech Republic, found banks and financial institutions were the most sought-after class of employer, although Inter-national Business Machines, the US computer company

was the most popular of all. When asked to select the companies they would like to work for, the top 10 choices were: IBM, BMW, Microsoft, Arthur Andersen, Siemens, Andersen Consult-ing, Sony, Hewlett-Packard, Citibank and Coca-Cola. Neither McKinsey nor Boston Consulting - the top two choices in Universum's Europe-wide graduate survey in 1996 – were in central

*The Independent Chairman ond Non-Executive Director European students' top 25. Survey, Top Pay Research Group, 9 Savoy Street, London WC2R OBA, tel 44

171-836 5831, £50 IBM is just the job Universum, the Swedish "Universum, PO Box 7053.

overall 6-8 per cent. Non-ex-

ecutive directors in smaller

companies typically earn

£17,000 a year, rising to

Board meetings are lasting

longer than they used to do. Three to four hours seems

the average, reported by

more than half the 1.280

directors who responded to

the survey. A fifth reported

average meetings of five to six bours. The table left

shows fee rates and median

days devoted to meetings

among chairmen in vari-

ously sized companies.

£35,500 in large groups.

Most of the top 10 could be classified as business equipment companies, whereas graduates Europe-wide leaned towards mangement

research company that speci- S-103 86 Stockholm, Sweden, alises in graduate and stu- tel (46) 8 679 4800

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Corporate Finance Associates

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Excellent Package + Benefits Citibank is a premier US banking institution with an unrivalled reputation in the global banking industry and an international network spanning 102 countries. The bank has teams of corporate finance professionals in many strategic locations around the world and is actively expanding its Corporate Finance franchise. It now seeks talented individuals for a number of key areas.

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The M&A team advises clients on the formation and implementation of corporate development strategies through cross-border acquisitions, divestitures and joint ventures. The team has particular expertise in the telecommunications, financial institutions, chemicals/pharmaceuticals, electrical utilities, auto components and food and beverage sectors. Ref: 662]

Acquisition Finance

The Acquisition Finance team structures and arranges debt financing for domestic and cross-border European Buyout transactions including Senior Debt, Mezzanine and High Yield instruments. In addition the group advises its multinational clients on the design and implementation of complex capital structures by evaluating debt and equity alternatives for cross-border acquisitions.

Capital Structuring

The Capital Structuring team consists of experienced global bankers with a strong understanding of accounting, regulatory and tax issues and a detailed knowledge of capital markets. This international team provides a critical service to clients in achieving and surpassing their corporate finance objectives such as improved earnings per share, lower funding costs and enhanced investment yields.

The Associates in all three areas will undertake detailed financial analyses, including cashflow modelling, valuations and industry analyses, and will assist in the negotiation of transaction documentation and deal closing. They will work closely with senior team members, gaining client exposure and undertaking substantial travel.

Candidates will be graduates in their mid 20s to early 30s, possibly with an MBA or other financial/legal qualification. Whilst previous corporate finance experience would be useful, applications are also sought from candidates with a broader financial institutions, accountancy, legal or consultancy background. Key attributes will include excellent communications skills, both written and oral, a high degree of numeracy and computer literacy and the ability to develop complex financial models. Candidates should be confident, assertive self-starters with substantial amounts of drive and energy and a strong team orientation. Fluency in additional European languages would be an advantage. Candidates will be able to take advantage of Citibank's excellent training facilities.

These are highly visible roles offering excellent career development opportunities on a global basis. The remuneration package is structured to attract the best and includes a full range of executive benefits. . . .



Please send a full CV to GKRS at the address below, quoting the relevant reference number on both letter and envelope, and including details of current remuneration. All applications will be treated in the strictest confidence.

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The Role

- Provide indepth risk analysis of high yielding or distressed European corporate debt.
- Actively research markets to build database and identify new opportunities....
- Contribute effectively as an integral part of the product development process.
- Assist in the marketing of funds/products to overseas clients as required.
- The Individual Proven, well developed corporate credit skills including
- cash flow and risk analysis. · Strong understanding of pricing of risk combined with
- Exposure to distressed debt or high yield markets is highly desirable but not essential.
- Excellent presentation and computer modelling skills.
- · Fluency in another European language is an advantage.
- successful candidate will be a graduate, possibly with an accounting qualification or MBA and will be highly self-motivated. Excellent interpersonal skills are essential as is the ability to work well within a team environment. This is an exciting opportunity to make a major contribution to the Bank's presence in a dynamic market place. Please send a curriculum vitae, in complete confidence, to Philip Wright or Walter Brown or telephone for an initial discussion.





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Excellent Salary + Bonus + Benefits

City

THE COMPANY

- Prestigious, innovanve, profitable international banking group. Success story within investment
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- Senior FX options dealer, responsible for day-today market making and risk management of a
- ◆ High-profile, demanding role, Manage high-calibre
- **OUALIFICATIONS**
- ◆ Strong intellect. Science or engineering-based degree. Further qualification such as MBA in finance and statistics.
- ◆ At least 4 years' experience of global responsibility for risk management and market making in FX options within major global financial institution ◆ Minimum 4 years' exposure to pricing and risk
- management of exotic options. Experience in successful management of trading teams vital.

Please send full cv, stating salary, ref FS702A2, to NBS, 10 Arthur Street, London EC4R 9AY





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up to £60,000 + bonns ience working in Risk Up to £85,000 pa + bonus Slite financial institution seek a post graduate with at least 3-4 years exp

financial institution seek a post graduate with at least 3-4 years experience of structuring foxed income cuts for marketing to corporates. Knowledge of SPVs, Asset Swaps and Credit Derivatives is essential. Graduate with minimum 3 years of risk management in Equity Derivatives covering Japan required. Based in Tokyo for at least 2 years, you will help to streamline visk issues and procedures.

Interest rate trader with a healthy profit/loss required to made dollar swaps and options throughout the which this expending nears. Another opening exists for a bond option volatility trader from a good name.

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Well respected City institution requires at least 7 years and

US NASDAQ Investment Analyst/Manager Oxford

A well established Oxford based international company has substantial holdings in US private equity funds and a portfolio of US, high growth, post IPO publicly traded stocks.

An experienced Investment Analyst/Manager is now required to augment an existing highly professional team to establish and manage a sizeable portfolio of a newly formed fund.

The successful candidate is likely m be around 30, have rigorous analytical and effective communicative skills with a sound track record of US NASDASQ small cap stocks.

To apply, please write by March 14th with full CV to: A5357, Financial Times,

One Southwark Bridge, London SEI 9HL

CONSIDERING A CAREER CHANGE?

BANKING EXECUTIVES WITH STRUCTURED FINANCE/CORPORATE FINANCE EXPERIENCE

CORPORATE CONSULTING RESOURCES specialises in training investment banking professionals in corporate and bank analysis. We are now seeking high calibre professionals to work with us as trainers. Applicants should be Loodon based and American bank trained, with at least five years banking/financial markets experience, preferably in an origination, structuring or advisory role, possibly in the area of credit or securitisation.

Good presentation and communication skills are essential. Fluency in French, German or Spanish would be an advantage. As a small company we are happy to be flexible about work schedules.

Please write in confidence with a CV and remuneration details to Box A5348, Financial Times, One Southwark Bridge, London SE1 9HL

ROMANIA MINISTRY OF COMMUNICATIONS

PRIVATISATION OF ROMTELECOM APPOINTMENT OF ADVISOR TO THE MINISTRY OF COMMUNICATIONS Invitation for Expressions of Interest

This invitation for Expressions of Interest follows the decision to implement the Strategy for restructuring and development of the telecommunication sector in Romania and attracting a strategic

The Ministry of Communications now intends to appoint an advisor for the privatisation of RomTelecom through the participation of a strategic investor to be selected by open tendering. The selection of the strategic investor is scheduled to occur in the first half of 1998. It is intended that RomTelecom will meanwhile be transformed from its present status as a Regie Autonome to a joint stock company. The assignment for the advisor will be funded from RomTelecom resources.

The main tasks of the advisor will be to provide advice and recommendations to ensure the privatisation process for RomTelecom is optimised consistent with the Ministry's strategy for the restructuring of the sector. In particular to

- prepare a detailed programme for the privatisation process leading to the participation of a strategic investor in RomTelecom
- review the policy, legal, regulatory, licence, tariff regime and privatisation framework
- conduct business, corporate legal and financial due diligence
- develop a valuation of the company and sale strategy
- prepare a Memorandum of Information and all related documentation (Charter amendment, Share Sale & Purchase Agreement, Shareholders Agreement, etc) for inviting tenders
- provide all necessary support for tender invitation and evaluation
- draw up all legal documentation required in preparation for participation of the strategic investor and for its engagement
- assist in all actions for closure

The assignment is expected to commence in April-May 1997 and continue through to the engagement

Tendering for this assignment is open to firms from any country. Interested firms are hereby invited to submit expressions of interest. A short list of qualified firms will be formally invited to submit proposals following this invitation.

In order to determine the capability and experience of firms seeking to be shortlisted, the information to be submitted with expressions of interest shall include:

- company profile, organisation and staffing;
- details of experience of similar assignments for the engagement of a strategic investor undertaken in the last five years, including the sector and country involved, drawing particular attention to experience in the telecommuniations sector,
- CVs of staff who could be available to work on the assignment.

Six copies of the above information in English should be submitted to the address below in a sealed envelope marked "Expression of Interest for RomTelecom Privatisation Advisory Services", to be received no later than 10th March, 1997, 12:00 hours (local time).

> ION MATEI Counsellor to the Minister Ministry of Communications 14-16 Libertatii Ave. 70060, Bucharest 5 **ROMANIA** Fax: +40-1-411 1479

Note: First published on 26th February 1997 in UK edition.



ABN·AMRO Bank

Credit Officer

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BANKING PACKAGE

ABN AMRO Bank is seeking to recruit a highly experienced credit professional to join their Credit Risk team, based at Moorgate in the City.

Dealing with a wide variety of large corporate and institutional clieots, you will have had a minimum of 5 years experience gained in the credit risk management environment of a sophisticated financial institution with exacting credit standards. In particular, you will have had significant, and specialist, experience in assessing ooo-bank Financial Institutions, allied to a comprehensive understanding of derivative risks.

Sound credit training and voting membership of a credit committee are desirable qualifications for this position, along with effective communication skills.

Reporting to the Senior Credit Officer, the role will carry voting membership of the UK Credit Committee, and encompass the vetting of credit applications prior to their submission to Credit Committee, in addition to guiding and directing marketing groups oo credit issues.

You are likely to be at least in your early 30's, and a graduate who is ACIB qualified.

Applications in writing please, with details of current package to:- Steve Mills. CV's sent directly to the client will be forwarded to Steve Mills Associates.

> STEVE MILLS ASSOCIATES RECRUITMENT CONSULTANTS

7 Copthall Avenue, Loodoo EC2R 7NJ Facsimile 0171-588 7458

Structured Finance Executive

International Financial Services Centre - Dublin

Our client, an international bank with a substantial IFSC presence, now wishes to broaden it's activities in cross border structured finance. These activities will be developed and managed by a team of highly motivated and international tax regulations. In addition you should be a commercially oriented professionals working closely together in a challenging and dynamic environment. We have been retained to recruit an experienced Structured Finance Executive to join this team.

successful candidate will be responsible for sourcing, apply. structuring and arranging international finance transactions. He/she will be deal driven, concentrating on cross border leasing, receivables, off balance sheet and taxbased financing structures.

With a number of years experience in an internationally focused financial services

HEAD OFFICE LONDON

environment, you should be able to demonstrate the ability to develop market and close innovative interna financing transactions and should have an appreciation of creative thinker and should have initiative, good judgement and well developed interpersonal skills.

This position offers excellent career prospects. An attractive and comprehensive remuneration package Reporting to the Head of Structured Finance, the commensurate with the responsibilities of this position will

> Please write stating how you meet the requirements and enclosing a CV to Des McDermott, HAY-MSL Management Consultants, Newmount House, 22-24 Lower Mount Street, Dublin 2, quoting ref. EX80030.

11 OFFICES NATIONWIDE

Leading European Investment Bank

EMU Economist

The investment banking arm of one of Europe's leading universal banks is currently seeking to appoint an experienced Economist to its active Londonbased Economics Group, which provides fundamental analysis and market forecasts and occupies a pivotal position between the bank's securities origination, syndication, sales and trading functions and its client base. As a market leader in EMU research, the bank is keen to develop and strengthen its existing position by making this new appointment.

Candidates will have a good Economics degree and are likely to have at least 3 years' applied experience gained within a central bank, securities broking environment or supranational institution. A solid grounding in European macroeconomics, together with good presentation skills are essential.

This is an excellent opportunity to join an expanding and highly committed team providing a vital service to both internal and external clients. It offers superb potential for career development together with a highly competitive remuneration package.

Applicants should write to Andrew Stewart at BBM Selection, enclosing a full C.V. (including contact telephone numbers). All applications will be treated in the strictest confidence.

76, Watling Street, EC4M 9BJ



Tel: 0171-248 3653 Fax: 0171-248 2814 E-mail: 425@bbm.co.uk

Currency Options Manager

Our client is a leading U.S. Fund Manager in London and is one of the premier global investment management houses. It has a significant currency business in London and is looking to appoint an additional member to its currency group.

The individual will be a Product Manager for dynamic currency hedging strategies and will be responsible for delivering currency options capability to all international portfolios including currency overlay by adding value through advising on appropriate investment strategies using currency options. Specifically, the individual will lead product development efforts and co-ordinate marketing activity, systems, research and product groups.

The individual will have an appropriate top level degree, plus an MBA or equivalent, and significant experience (a minimum of three years) in trading, managing and pricing currency options. He/she must be able to demonstrate familiarity and experience with dynamic replication techniques on This position offers a generous salary and benefits package with excellent career prospects in one of

Please write, enclosing a copy of your cv, to Martin Symon, Associate Director, at the address below. All details must be returned by 12th March and will be treated in strict confidence.

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They seek a Senior Manager - Strategic Investments, to be responsible for developing the business acquisition strategy of the company. This will involve the identification of possible investment opportunities, acquisition of target companies and implementation of post acquisition strategies.

Candidates will need to have a proven track record in mergers and acquisitions. You will have excellent analytical skills and a sound financial background, probably gained through your experience in a senior finance function of an investment bank or within an established acquisitions team. If you have an MBA then so much the better.

Excellent management, interpersonal and presentation skills will also be necessary, together with good regional knowledge and fluency in both English and Arabic.

If you feel you can bring your skills and experience to lead a small team of professionals for this new initiative, then write to: The Confidential Reply Supervisor, Ref. L/12662 Lonsdale Advertising Services Ltd, Celcon House, 289-293, High Holborn, London WCIY 7HU.



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South African Equities

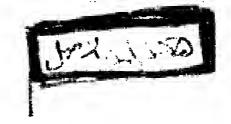
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SBC Warburg is a leading global investment bank and a powerful force in the world's financial markets. Due to continued growth and development, a new position has been created for a motivated individual with at least three years' experience as an analyst, salesman or in asset management.

Based in Johannesburg, the successful candidate will be part of the team marketing our South African Equity research product to SA institutions. A sound knowledge of the South African market is a pre-requisite. The successful candidate must be enthusiastic, highly motivated and demonstrate on ability to sell a strongly research based product to our clients.

The financial package will reflect the importance of this role within SBC Warburg. Replies will be treated in the strictest confidence.

To apply please send a full CV and a covering letter to: Anthony Richardson, Executive Director, SBC Worburg, PO Box 652863, Benmore 2010, South Africa. Telephone: 002711 322 7000. Fax: 002711 322 7383.



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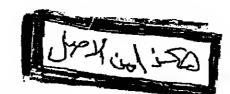
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part of a blue chip financial group and operates across the United Kingdom and sometimes overseas. wishes to appoint a Manager to be based in their Scottish corporate finance operation.

in the areas of Commercial Banking, Corporate

Finance, Investment and Leasing. The Bank is

Merchant Bank

As part of its structured growth, the Bank Candidates should have either a relevant

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professional qualification together with a minimum of 2 years practical experience of listed securities work, including mergers and acquisitions or at least 4 years postgraduate City experience gained in investment banking. Some experience of or the desire to be involved in new business presentations is an advantage. This is a rare opportunity to build a career

in Merchant Banking from a Scottish base with a

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BROADVIEW ASSOCIATES

IT/Telecoms/Media M&A

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THE COMPANY

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- adview operates from offices in Fort Lee, San Mareo and London
- During 1996 the company completed 88 trans-across the IT/Telecoms and Media sectors.
- As part of our commitment to further develop our pan-European coverage, we are seeking to recruit at cast four associates.

- · Successful candidates will be based in the London office serving our European client base.
- * The role of associate at Broadview is unique among many other investment banking firms in terms of deal making experience, project responsibility and - client exposure levels.
- The successful candidates will execute cross-border mergers and acquisitions in the IT/Telecoms and

THE CANDIDATE

- · A high calibre graduate holding an MBA from a leading business school, or an equivalent professional qualification
- experience gained within a leading Investment
- Fluency in a major European language in addition



£Highly Competitive

- A minimum of two years cross-border M&A.
- · Candidates must have a strong interest in the rechnology sector.

Interested candidates should apply by submitting their Curriculum Vitae to our retained consultants, John Axworthy or Jonathan Gill at Axworthy Oliver Associates, Se Martins House, Priory Court, Pilgrim Street, London ECAV 6DR or alternatively call them on 0171 329 3434, Fax: 0171 782 0200. Email: j.axworthy@aoa.co.uk.

Insurance Analyst £Excellent

Our client, a major European investment bank has a premier position across research, market making and sales.

There is currently an outstanding opportunity for a young professional to join our Composite Insurance research team. This position will require you to conduct in-depth sector and company analysis and to have the confidence and credibility to effectively communicate your research and advice to our sales professionals

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If you are interested in applying for this position please write, in the first instance, enclosing your CV and salary details to: Ben Wood, Vine Potterton Ltd, Suite 26, Ludgate House, 107-111 Fleet Street, London EC4A 2AB, by Friday 25 March 1997.

> VINE POTTERTON RECRUITMENT ADVERTISING

SPACEBEL, sat up in 1988, is a Belgian group of companies with a major interest in technology applications for aerospace. Today, the SPACEBEL offices in Brussels, Flanders and Wallonia employ more than 150 staff in two divisions: information Technology and Optical Instrumentation. SPACEBEL intends to extend its presence on the space market and even on new markets where its current technological leadership may help provide new customer solutions. SPACEBEL therefore wishes to secure for its Brussels' and Flanders' offices the services of a (m/f):

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mention the reference number \$97.1038/FT on both letter and envelope.

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"ORIGINATOR"

HIGH TECHNOLOGY SECTOR

The Company

This is a new position based in London but reporting to New York. It will require active

The key responsibility is to identify and originate high-rech M&A opportunities within Europe,

The Candidate

Knowledge of the high technology sector is essential. Five years or more M&A experience is

required, which could have been gained from an advisory group within an investment bank,

or from a speciality boutique. Alternatively, experience could have been gained in the

The Benchits

Competitive salary. Additional benefits will include bonus, car allowance, health insurance,

To apply please forward a copy of your CV with a covering letter quoting this publication and its date to Sarah Meadows at The Wreay Partnership.

THE WREAY PARTNERSHIP

150 Regent Street, London W1R 5FA Tel: 0171 734 9571 Fax: 0171 494 3634 Email: 106562.1175@compuserve.com

CORPORATE FINANCE

MANAGER

corporate development side of a technology company, or a high-tech consulting firm.

Candidates should have superior marketing skills, as well as mandate experience.

coverage of the major high technology and LT, services players in the UK and Europe.

Our client is a European-based global investment bank headquartered in London.

as well as managing inbound and outbound initiatives with the US.

nomy and are ready to travel frequent-ly for short periods of time throughout Europe. Spacebel offers you:

A highly responsible function within a

- growing company that has acquired an excellent reputation on the European market.
- ☐ The know-how and high-level expert-ise of its staff, the facilities and status of an important international group; an extensive range of international con-
- ☐ An attractive salary package related to your experience and your own performances, as well as other fringe benefits.

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HEAD OF CREDIT RESEARCH - DEBT CAPITAL MAR-KETS LONDON

Attractive Package

Our client, a major European Bank, requires a senior credit analyst to establish and lead a new Credit Research function for their Fixed Income division in London.

The role will involve establishing the strategic objectives of the new function, its market coverage and client service levels. Provision of a wide range of corporate, institutional, product and market analyses will be required for in-house and client use, and extensive liaison with the groups credit and equity research functions in Paris and London will be required to ensure

a cohesive service is provided throughout the Bank's European/International network, Recruitment of a team of 4-6 individuals (who will be based in Paris and London) is envisaged and the organisation, management and co-ordination of the teams work will be para-

Candidates will be highly motivated graduates (preferably with an MBA) with previous experience of establishing and leading a credit research team. Excellent strategic, man management and interpersonal skills will be required together with a minimum of 4 yrs experience in credit, equity and market analysis preferably with a leading investment bank or rating agency. Fluent in French and English you will be prepared to travel extensively around the

European and International network. The position offers an attractive remuneration package and excellent career opportunities. Candidates should contact Asad Khan, Morgan DeVille, 22 Upper Grosvenor Street, Mayfair. London W1X 9PB, Telephone: 0171 499 7044 Fax: 0171 499 3337

Energy Commodity Traders And Managers Bring Your Ideas And Innovation

To A Growing Team To succeed in any new market you must learn lessons from those which are well established and perhaps more sophisticated. That's why we're looking further affeld for fresh ideas and innovative approaches to the developing

arena of gas, electricity and energy trading. We seek a number of senior individuals whose skills in team leadership, experience of complex negotiating scenarios and in depth knowledge of market arbitrage techniques will complement existing skills and help develop our

trading activities to new levels of sophistication. With a clear remit to develop and expand trading activities you will seek advantage in franchise changes in the gas and electricity markets and synergies with other energy markets in the UK and internationally. You will have wide powers to influence the overall trading strategy of the group and to make a significant contribution to its

continued rapid growth. You currently manage a streatile commodity trading unit, possibly with an international focus, and have an in depth knowledge of complex trading instruments, combined with a Alternatively, you manage a substantial gas or electricity portfolio, perhaps as part of a larger energy trading activity, and have a clear perspective on the UK and, ideally, international energy markets, encompassing all elements of

In addition, we seek a number of talented traders and regotiators, with experience of derivatives trading or a background in negotiation of high value, wholesale energy contracts, to trade both on the day and negotiate deals from one week to 15 years.

You may currently manage a busy commodity trading desk, be an upstream oil/gas negotiator or be trading gas already and feel that your expertise could be put to better use in

Our client has established an impressive presence in energy markets in the UK and, more recently, overses It has great plans for the future and seeks the best skills to help to achieve them. In return, it offers unequalled career prospects and significant personal reward.

All positions are based at its corporate beadquarters in

clear grasp of interrelated commodity markets. the South East and relocation assistance is available. 97/99 Park Street, London WIY 3HA. Telephone: 0171 629 5909. Fax: 0171 408 0608.

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THE PEOPLE: Suitable candidates will be proactive individuals who are willing to travel within Europe and the former Soviet Union. They will have a strong academic background, and will be computer literate. They should be comfortable with cash flow modelling and documentation.



Scotland

The opportunity to work within an expanding international team together with a generous remuneration package will be offered to successful applicants. Please send a full resumé with covering letter quoting ref. FT3077 to : Antal International, Shropshire House, 1 Capper Street, London WC1E 6/A. Tel: + 44 (0) 171 637 2001 Fax: + 44 (0) 171 637 0949.

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Business Controller

Principal Responsibilities

- Develop and take responsibility for our business control activities and implement common measuring and estimation systems based on key
- Participate actively in the unit's strategic development.
- Take responsibility for forecasting and result analysis.
- Active involvement in the process of change at the local financial departments and be involved in the establishment of finance functions where we launch our own operations.
- Handle qualitative information dissemination and training concerning the business area's models and systems.
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Profile

- You have a degree in Business Administration or Economics, several years of international business experience and experience of similar
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- You must be prepared to travel extensively, primarily in Central and Eastern Europe
- Language skills: English and/or German and preferably a Slavic
- Documented experience of information technology.

If you would like more information about this position please contact Mr. Lars Richardson, Managing Director for Central & Eastern Europe or Mrs. Anna-Lena Nyberg, Senior Vice President Human Resources, telephone +46 (0)8 655 90 00. Please submit your application including CV not later than 17 March 1997 to:

> AssiDomân Packaging Central & Eastern Europe, Attn. Mr. Lars Richardson, SE-105 22 Stockholm, Sweden.

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Candidates are invited to submit (by mail or facsimile) a complete c.v., including current level of compensation, and a detailed description of their relevant experience to:

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CVs, including details of qualifications, experience, and personal goals and objectives, should be sent to Box A5354, Financial Times, One Southwark Bridge, London SE1 9HL

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The Successful apparant will have a university level successful an minimum of 3 years of journalism/PR experience. Candidates need to be fluent in English and have excellent writing skills. Probable age 30-35.

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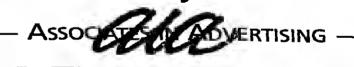
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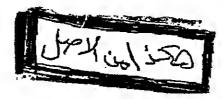
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The compliance team functions as a source of advice and expertise on regulatory matters and has an ective approach towards day-to-day procedural aspects of the business. We wish to recruit a compliance manager who will report to the compliance director,

> Although the main concentration will be on our private client activities, the successful applicant will be responsible for ensuring that each of our businesses is conducted in accordance with the rules of the appropriate regulator.

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To apply please send your CV in strictest confidence to: Ray Turnbull, Partner, Capital Market Appointments.

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QUESTOR INTERNATIONAL

Financial Controller

South West

Our client is a manufacturing/assembly division, part of a major US Group with current revenue of US\$1 billion. The momentum gained from a strengthened management team and the continued development of regional affiliates will ensure substantial worldwide growth particularly in

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crucial. With new European financial systems being implemented, the candidate will have proven systems skills within a manufacturing environment.

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Banking Opportunities City £35-70,000 + Benefits

Corporate Finance Associate Involved in a wide range of transaction driven products including M&A, ongination, risk analysis and due difigence. Candidates must be ACA and ideally speak another European

Ref 52135 - Trevor Green

necialised Financing To assist the teams activities including marketing, structuring and negotiating senior and mezzanine debt, credit analysis including cashflow and financial modelling. ACA with banking experience essential. Ref 52136 - Trevor Green

Credit Analyst Analysing complex financial information you will make recommendations on pricing and structuring new facilities for major corporates. You must be a graduata or ACIB qualified with a good understanding of treasury products. Ref 52137 - Nina Gilbert

Financial Product Controller

Responsible for traders of fixed income products you will learn their business strategies, monitor and price test. You must be a newly qualified ACA/CIMA and demonstrate a real interest in products and markets. Ref 52138 - Nina Gilbert

S Bream's Buildings Chancery Lane London EC4A 1DY Tel: 0171 405 4161 Fax: 017 1 430 1140





= GLOVERALL PLC

(Manufacturers and Wholesalers of Premier Outerwear)

Financial Controller

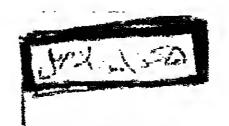
Northamptonshire - Attractive Package

- This client, previously a family owned business, was acquired by a large and successful international retail group in 1995 and has enjoyed strong growth under its new management. The company's business plan commits a to further significant expansion of its European activities. To support this ambitious strategy. the Board has decided to appoint an energetic commercially locused Financial Controller.
- Reporting to the Managing Director, your responsibilities will include timely and effective management information, product costing including inventory evaluation, cash and currency management. sales prioring, statutory reporting and compliance. The improvement and enhancement of IT within the company is also a key priority, as is acting as the principal interface for all external requirements of the company.
- The successful candidate will be ambitious and have strong experience of manufacturing and wholeseling, preferably in the garment industry using multi-discipline IT techniques. Experience of multi-currency trading will be a distinct advantage. A committed team player with strong interpersonal skills is essential. This role will suit a forward thinking dynamic person to get involved in all aspects of the business operating in a performance driven environment. Please write outlining your suitability for the position

and enclosing a curriculum vitae with current remuneration details to Richard Pooley at Ernst & Young Management Resourcing. Rolls House, 7 Rolls Buildings, Fatter Lane, London EC4A 1NH, fex: 0171 931 1022, quoting ref: RP0103, E-mail: rpooley@cc.emsty.co.uk

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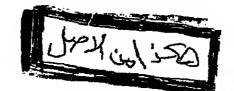
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Financial Planning Mobile Telecommunications

c. £65,000 + Car + Bonus THAMES VALLEY

ellnet is one of the world's largest and most necessful mobile communications companies. In just sen years since its formation, this new estilice is already taken for granted by millions of people in the UK with a growing number the property listing invested over £1 billion The the network that now reaches 98% of the Cappulation, Cellnet is a mature organisation with the technical infrastructure and financial tomes hi place to support continuous Ounest .



In order to maintain and perpetuate this ourstanding record achievement, Celinet now seek to recruit a key individual wi their linance team who will be responsible for supporting an driving key business issues across all aspects of operations, service provision and technology.

- Supported by a highly skilled ream of finance professionals, you
- more proceedive input to the growth and develop
- Appraise and monitor the financial and commercial performance of the business by developing and imples
- sophisticated financial reports.

 Cultivate strong working relationships with senior ment in order to promote an interactive flow of idea
- Define, manage and promote a bespoke business planni and forecasting process across all functions of the busi Successful candidates will be outstanding graduate accountants, aged in their early to taid thirties who can already demonstrate a successful career in date in a blue chip environment. A strong preference will be shown to those individuals who have worked

in either an FMCG or related business sector You must be able to present and negotiate with executives at the highest level, possess superior interpersonal skills and be seeking a fast track career opportunity in a dynamic business sector. interested candidates should write promptly to Charles Austin or Mark Rowley at Herst Austin Rowley, 30 St. George Street. London WIR 9FA, enclosing a full

Curriculum Vitae and quoting reference HAR0121. Fax: 0171 409 7872. Alternatively you can E-mail details to

COLOGNE - LISEON - LONDON - MADRID - PARIS - PHILADELPHIA - WARSAW

HERST AUSTIN

% ROWLEY

FINANCE DIRECTOR

A Growth-Orientated Divisional Role

Thames Valley

to £60,000 + Benefits Considerable Bonus Potential

Our client is a leading quoted international contracting group. Following a recent reorganisation, there is a

- Executive responsibility for the Division's UK and
- international financial management and control. Provision of first class commercial and strategic direction and key input into the Division's .
- acquisitions and organic growth. Interaction with Operadonal Board Directors to ensure that performance measures are understood;
- and achieved. Key involvement in identifying innovative financing structures to match customer

requirements.

requirement to recruit a Finance Director for their largest and most diverse division.

Graduate qualified accountant, aged early 30s to early 40s, with broad commercial and line management experience.

- Proacove and energetic style, capable of communicating effectively with all levels of an organisation.
- Experience of a multi-site group environment, with an international outlook and motivated by business development/M&A.

If you are interested in this exceptional opportunity, please write enclosing full career and current salary details

BURMAH CASTROL c. £80,000 package + excellent benefits

Swindon

Finance Director

internal promotion provides a superb opportunity to join this well-regarded FTSE 100 multinational as Finance Director of Castrol (UK) Limited, a £120 million turnover business High profile commercial tole in a business operating in competitive and complex consumer and industrial markets. Involvement in pan-European and global projects, with excellent career potential internationally

- Reporting to the Managing Director and a key member of a close-knit executive learn, with active and broad contribution to the strategy and development of the business.
- Continuously improve the finance function sharpening analysis and control, and reviewing business processes. Provide leadership, training and development to c. 50 staft
- Participate fully in a variety of global and pan-European intuatives
- THE QUALIFICATIONS Graduate accountant, 35+, technically excellent, with fast-track career progression in a progressive blue-chip multinational.
- Analytical ability and commercial nous to interpret trends and issues in a multi-product manufacturing business with multiple routes to market and a diverse customer base
- Enthusiastic, energetic and imaginative team player. The interpersonal and communication skills to gain credibility and influence at all levels. Definite potential for career advancement.

Leeds 0113 230 7774 London 0171 298 3333 thester 0161 499 1700

Selector Europe Spencer Stuart

A key role in the management of a substantial overseas manufacturing partnership

FINANCIAL CONTROLLER

This international pic group with annual sales of £150m+, manufactures high quality clothing for major retailers in the UK and continental Europe. Their overseas operations include a partnership with one of the leading manufacturing businesses in Sri Lanka, accounting for 50% of production

The Financial Controller will be based in the capital Colombo, a vibrant city with an established expatriate business community. The person appointed will be given significant responsibility and scope.

Sri Lanka

- Perform a key role as a member of an established, multi-disciplined, expatriate management team
- Responsible for financial and management reporting to the UK, business administration and staff
- Improve cost performance, efficiency and profitability
- Develop and influence production of financial information from Sri Lankan management.

£Attractive

Tax Free

Package

 Qualified accountant with extensive experience of financial and management accounting, preferably with some background in manufacturing

· Well developed business skills gained in a fast moving, high quality environment Excellent communication and interpersonal skills

In order to facilitate this key appointment, a minimum 3 year ongoing contract will be offered, together with accommodation, car, healthcare, pension, return flights and bonus after 3 years.

To apply, please write to James Whelan, Hays Executive, St James' House, 7 Charlotte Street, Manchester, M1 4DZ, Tel: 0161 228 2727. Havs Executive

STRATEGIC SEARCH & SELECTION

To £80,000 + bonus, options & benefits

International Manufacturing Group

to the advising consultant, Jon Boyle at Questor Internacional Limited, 3 Burlington Gardens. London W1X 1LE, quoting reference 2173. Tel 0171 292 8300. Fax 0171 287 5457. E-mail: Jon@questorint.com

Midlands

Head of Corporate Finance

Key role at the heart of an acquisitive and highly profitable £700 million+ turnover UK plc with an enviable growth record, well-balanced international profile and a dominant position in each of its chosen niche markets. Powerful balance sheet and strong City support underpin a well-proven and focused strategy for growth both organically and by acquisition. Significant opportunity for a well-rounded finance professional with M&A experience seeking enhanced responsibility and professional growth in corporate development and, in due course, general management. Excellent international · career prospects.

THE ROLE

- Reporting to Group Finance Director with specific responsibility for corporate development and treasury as part of a small head office finance
- Working closely with the Board to identify and evaluate potential acquisitions internationally. developing proactive relationships with key financial advisors in the City.
- Overall strategic management of treasury, supervising an established high quality function, focusing on funding and balance sheet
- Graduate, Chartered Accountant, aged 30 plus,

THE QUALIFICATIONS

- with M&A experience gained in either a merchant bank or a corporate, preferably an industrial group. Second European language an advantage. Strong analytical skills and broad business
- overview combined with first-rate written and oral communication skills. Comfortable handling complex negotiations at senior level.
- Accomplished networker and relationship builder, capable of operating effectively as part of a small head office team. Self-starter with the ability to

London 0171 298 3333

Selector Europe Spencer Stuart

Corporate Auditor

(International Assignments) 100,000 - 125,000 DM

Our client is a major blue chip organisation with a world wide turnover of £4bn. They now have an extremely challenging role within the Corporate Audit Oepartment for a highly skilled individual who can demonstrate a range of business talents.

Based in Germany, your major tasks will be to perform systems revue, identify areas for performance improvement, have an impact on areas where efficiency can be improved and consequently add value to the business exercise.

In addition, traditional audining practices such as operational revue and control, need to be supported by the compilation of substantial reports, which in turn will form the basis of the company decision making process.

A degree, a full CA, ACA or ACCA qualification, the ability to speak German and a high degree of computer literacy, are all essential. Since this opportunity is also a definite route to a Managerial post it is extremely likely that you will have a "big six" background.

As you will spend around 40% of your time travelling a highly adaptable and flexible attitude coupled with an international background is desirable.

In return, the company offers an excellent salary and benefits package, but most importantly the promise of a career with an organisation of international standing.

Please send your C.V by fax to 0141 303 4468 or by post to Gordon Adem, Direct Resources, St Andrews House, 385 Hillington Road, Glasgow G52 4BL.



Taxation Manager

information systems.

members and colleagues

post qualified experience with a professional firm. Ideally, you will have experience of both personal

verbal communication skills, with an aptitude for

and partnership tax, with first class written and

This role represents an exciting and challenging

will need to possess an outgoing personality thar allows you to develop professional relationships with

If you are interested in this position please contact

Mark Pryor on 0171 269 2248 or send your CV to

opportunity that will offer considerable career spects. In addition to your technical ability, you

London

£45,000 + Bens You will be ACA or ATII qualified with 3-5 years

The British Medical Association has over 106,000 members and was founded more than 160 years ago to promote the medical and allied sciences and maintain the honour and interests of the medical profession. BMA Professional Services Ltd (BMAPS) is a

wholly-owned subsidiary of the BMA which provides high quality dedicated taxation and accountancy advice. BMAPS now requires a Taxation Manager to take

- managerial responsibility for the provision of taxation advice to members. Reporting directly to the Chief Executive, key responsibilities will be: Providing high quality taxation advice to the
- Presenting seminars and writing technical articles
- High level responsibility for the management of all aspects of client service.
- Assisting in the development of BMAPS throughout the UK.

him at Michael Page Taxation, Page House, 39-41 Parker Street, London WC2B 5LH. Alternatively fax on 0171 831 6662. All CV's submitted directly will be forwarded to Michael Page Taxation

Michael Page Taxation

FINANCE DIRECTOR

Saudi Arabia

c.£55,000 (net) + CarBonus + Share Options Full Expatriate Package

ABRABAM - BEASLEY - PRICE - MORGAN FINANCIAL • RECRUITMENT • SPECIALISTS

Our client is a £100m turnover company, involved in volume manufacturing/distribution, and is an integral part of one of the world's leading organisations.

An excellent opportunity exists for a highly motivated and enthusiastic finance professional to take up this key management position. You will head the finance function consisting of 100 staff operating across several sites, and will participate fully in the commercial management of this substantial business.

The successful candidate will be a qualified accountant with proven senior management/board experience ideally gained within a manufacturing/distribution environment. This is a high profile position and as such represents a genuine career opportunity.

Interested candidates should in the first instance send their CV together with details of their current salary, work and home telephone numbers to Jeff Price at ABPM, Redridge House, 9 Bailey Lane, Sheffield S1 4EG. Tel: 0114-278 0011, Fax: 0114-273 8384. Email: gp11f@abpm.co.uk. Please quote reference gp11f.

OFFICES AT BIRMINGHAM, LEEDS, MANCHESTER, NOTTINGHAM AND SHEFFIELO

■ Ernst & Young International Energy Services

Ernst & Young is a \$7.8 billion organisation, with 72,000 people in mora than 130 countries, and is one of the world's major professional services firms.

Our Energy Services industry group is one of three core strategic groups established by the international firm which, through its World Energy Centres in London, Houston, Jakarta and Moscow, co-ordinates client services on a market sector basis. Already a leading service supplier in audit end tax, our goal is to become the undisputed world No. 1 in the provision of professional services to the energy industry by the year 2000. Substantial investment in the emerging markets is a critical element in the achievement of this objective, and several key appointments must be made, including:

Practice Leader Central Asia

Reporting to the CIS Managing Partner in Moscow, you will be responsible for:

- The management of service provision to key international audit clients in the Upstream Oil and Gas industry
- Planning and management of other audit engagements in the industry.
- Reporting to Ernst & Young co-ordinating partners with respect to relationships with the subsidiaries of multinational clients.
- All aspects of practice management and development.

The appointment could be made at partner or partner-designate level, depending on experience.

Other Energy Services Opportunities CIS, Far East, Latin America

We have other anergy services opportunities around the world for Audit and Tax Seniors, Managers and Partners. The general requirements are as follows:

Audit and Business Advisory Specialists will be Big 6 trained internationalists, currently in the profession or in a major international upstream oil and gas company. Excellent experience of tha target sector and of the practical application of international reporting requirements (US/UK GAAP) and accounting standards is essential.

Tax specialists could come from a leading accountancy or law firm, or from the oil and gas industry.

To be affective in these operational environments, and depending on tha level of entry, you must be able to demonstrate initiative, personal energy, confidence and self-sufficiency, allied to an instinct to lead, communicate and collaborate. For the more senior posts, a record of success in selling and delivering professional services in emerging markets is necessary.

Remuneration packages will reflect the importance of these appointments in establishing centres of industry excellance around the world and, hence, a global network of professional

If you wish to be considered for any of these opportunities in our international energy services group, please send your curriculum vitae, including details of current remuneration and a summary of how you meet the requirements, to Neil Cameron at Ernst & Young Management Resourcing, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH, quoting ref: NC 0095.

DIRECTOR & DIVISIONAL FINANCIAL CONTROLLER

c£55k plus benefits · North London

Part of a multi-national plc valued at over £2 billion, our client manufactures a range of products for the domestic, commercial and light engineering markets. The Division, which turns over approximately £150 million, has ambitious development plans. To help achieve these objectives, through both acquisition and organic growth, they are seeking an outstanding divisional finance executive.

Reporting to the Divisional Managing Director, you will be responsible for co-ordinating and supporting financial management issues, across subsidiary companies based in the UK, Europe and the USA. You will help formulate and implement business strategy, being both responsive and proactive in anticipating commercial opportunities and needs, including potential acquisitions. Working closely with senior managers from all disciplines, you will play an integral part in managing key issues facing the business, its process, and the sectors in which it operates.

To be successful in the role, you will be a self starter with:

 an impressive track record in blue-chip manufacturing businesses, with experience of small/medium companies and Head Office environments

- excellent analytical and problem-solving skills, with a keen sense of commercial opportunity and business judgement
- a highly interactive approach, able to enhance communication at senior level and add value to management teams
- flexibility of approach in developing financial and commercial strategy leading to decisive action
- strong professional and educational qualifications, preferably with a sound working knowledge of another major European language.

The successful candidate will make a substantial impact upon an already impressive business performance, in a company which offers excellent opportunities for

To apply, please write, enclosing your CV and current salary details to the consultant advising our client on this appointment, David Bligh. Mercuri Urval, Spencer House, 29 Grove Hill Road, Harrow, Middlesex HA1 3BN. Fax no: 0181 861 1978, quoting ref: JG/V/DFC.

An Equal Opportunities Employer.



ALLIED DOMECO COURVOISIER TEACHERS BEFFEATER

Business Process Redesign

London

Salary will be negotiable £40-70,000 + Benefits Package

Customer Process

Working with National Marketing and Sales Companies you will redesign customer related financial systems, establish the Impact of these changes on the local businesses and oversee the implementation of the

- now systems. As part of a self-managed team, specific tasks will include:
- Maximising the use of electronic settlements methods in each market Specifying systems requirements for a flexible credit vetting system for
- Detailing system requirements for a suitable collection management system Overseeing the development and implementation of the above systems Previous exposure to Sales Administration systems or pricing/billings systems, or a background from within sales and marketing would be particularly relevant.

Teacher's and Ballantine's whiskies, Harveys sherries, Canadian Club, Kahlua and Tia Marta liqueurs as well as Courvoisier Cognoc and Tequila Sauza. In retailing, the group has over 4,000 pubs and 1500 Victoria Wine afflicences in the United Kingdom and some 9,000 franchised Baskin-Robbins ice-cream stores and Dunkin' Donut outlets across the globe.

To ensure its continued growth, and build upon its existing market-leading status, the Group has embarked upon a major, global redesign of its business processes within the Spirits and Wine division. Working on financial, management, customer, supplier and internal processes, they have assembled a high-calibre multifunctional team representing each of its major operations to redesign and Implement new processes. The redesign team is now looking to fill the following key positions:

Allied Domecq PLC is an international drinks and hospitality group which employs over 50,000 people worldwide. It is one of the world's leading spirits and retailing groups with a range of brands which includes Beeleater Gin,

Management Process

This high profile project will ultimately impact on all functions across the Spirits & Wine division, and hence requires a broad base of business experience in an individual. With a high degree of cross-over with other project teams, specific duties Include:

- Wine business as a whole
- The introduction of these definitions to operations management The training and education of local management on definitions
- Planning and managing specific implementations
- · Constant liaison with other project teams and Human Resources on

Previous experience within a large multinational group and exposure to both finance and sales and marketing would be especially relevant.

Accounts Payable

With specific responsibility for this vital area you will oversee the redesign of supplier related financial systems, assess their impact on local businesses and ultimately implement the redesigned systems in selected operating units. Managing this highly complex project, your principal responsibilities will include:

- Production of a detailed specification for the Purchase Order Management system operating as part of the redesigned Accounts Payable system.
- Maximising the use of electronic payment methods in each market
- Design of operating procedures with regard to the use of Procurement Cards for Accounts Payable
- Overseeing the development and implementation of the above Familiarity with supplier related administration systems, admin

To further your interest in one of these excellent opportunities, please contact our retained Consultants Matthew Dentwood or Paul Glatzel at Executive Connections, 43 Eagle Street, London WCTR 4AP, Tel. 0171 304 9000 (evenings/ weekends 0171 254 3849). E-Mail: afficial.donnecq@exocutive-connections.co.uk Fazz confidence. Please note: any CVs submitted directly to Alised Donnecq PLC will be forwarded to Executive Connections.

GROUP FINANCE DIRECTOR

INTERNATIONAL ENGINEERING CONSULTANTS

From £70,000 + excellent incentive package

Surrey

Whilst we are looking for specific qualities/experience in individuals, there are certain skills that will be particularly relevant to off three areas, it is envisaged that successful candidates will have a relevant business qualification, and a proven track-record of success within a major international company. Previous experience of financial/systems redesign projects, change management and sales administration would be of particular interest, as would a high degree of international exposure. Possible backgrounds will range from mainline finance and business development roles in industry, through Management Consultancy to more directly compatible project-based experience. These roles will involve frequent exposure to senior Finance, Marketing and Managing Directors of various Allied Domecq businesses. With this in mind, it is imperative that you have excellent interpersonal skills and the ability to influence decision-makers. A self-starter, you will be highly organised, passess excellent vision, be willing to undertake international transferred and above all accessed a highly cognitive incore.

These positions are imitally planned to run on a 2 year project basis. Those individuals with the correct blend of personality and skills will gain top-level, international exposure within Allied Domecq, and it is envisaged that career progression could continue autide of their specific project.

Our client is a leading international consultancy in engineering, environmental and project managem It has a turnover of £50 million, is owned by its 1,000 employees throughout the world and is committed to growing and broadening its range of services.

As the Group Finance Director, you will lead an established team in all aspects of financial and management accounting, treasury and systems. More importantly, you will be actively involved in commercial contract issues.

You will be one of a small team of Directors driving the strategic development of the Group. This will involve acquisitions as well as the limited recourse financing of major projects, in which the firm is becoming increasingly involved.

Exceptional commerciality and entrepreneurial flair will be balanced by a mature, diplomatic style. You will be a team player and have managed the financial or commercial functions of an international, fee-earning, contracting or business-to-business service group. An understanding of corporate and project finance is essential. Age is completely open.

Please write in confidence, with a CV and remuneration details, to Criterion Search, 50 Regent Street, London W1R 6LP, quoting ref: 1069. Tel: 0171-470 7108. Fax 0171-470 7114.



Appointments Advertising

appears in the UK edition every Wednesday & Thursday and in the

International edition every Friday

For further information please call:

Courtney Anderson on +44 0171 873 4153

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West Midlands

C. £35,000 + Significant Bonus Potential

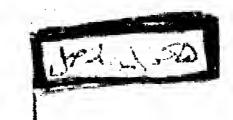
Our client is the European manufacturing operation of a US corporation supplying climate control products to a world-wide customer base. A rapid increase in sales over the recent past, particularly on major contracts to the growing computer, electronics, telecoms and associated industries, is set to climb further. Strong financial management is seen as essential to underpin the envisaged expansion.

Reporting to the Managing Director you will bear sole responsibility for the finance function. Key challenges will be to provide prompt and accurate financial reporting - both locally and to Corporate, improve operational and strategic planning procedures and strengthen internal controls and reporting disciplines, and manage a small accounts team with a "hands-on" approach.

You should be a young qualified accountant with at least five years pqe, IT literate, with previous financial management experience gained within manufacturing organisations. Excellent forecasting, planning, reporting and cost skills are essential. Good communication, team orientation and a meticulous nature are required. Prospects are excellent for a committed individual and the comprehensive remuneration package will be designed to reward success.

Interested applicants should send a full c.v. including current salary and daytime telephone number to Phillip Price ACA or Andrew Guy quoting reference 3116 at Deloitte & Touche, Colmore Gate, 2 Colmore Row, Birmingham B3 2BN:

MANAGEMENT ADVISORY SERVICES



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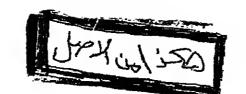
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PLANET 24

FINANCE DIRECTOR

Planet 24 is one of the largest end most successful independent television production companies in the UK. Our business interests are expanding and diversifying and now encompass both television end radio in the UK, Eastern Europe and the US.

This expansion has resulted in a need to strengthen the senior management team by recruiting a dedicated Finance Director. We ere looking for a highly commercial, entrepreneurial and results oriented individual, used to small teams, multiple tasks and a fast paced creative environment: a graduate calibre, quelified accountant with strong technical ability and a proven track record in senior finenciel management positions.

You will become a key member of the executive team, reporting to the Managing Director with full responsibility for deliverying effective finencial control ecross the range of businesses within the Plant 24 group. This is a challenging position which requires maturity and strength of cheracter and in return we offer you the opportunity to make a significant contribution to the direction end growth of the business and to partici-

Applications should be made in writing to the address below, enclosing e full CV and full contact details.

Personnel Director Planet 24 The Planet Building, Thames Quay 195 Marsh Well London E14 9SG

Planet 24 is committed to equal opportunities

"A dynamic finance opportunity within a company at the forefront of technological innovation"

Up to £40K + Car + Benefits

Cambridge

This international market leader, part of a £120m :: • turnover electronics group, is the pioneer of leading edge technology and provides innovative and unique solutions within its specialist market. The application of practical and affordable technology, with high performance and reliability, has launched the Company into a period of change

This new position, reporting to the Managing Director, is pivotal to:

the implementation of strong financial control and reporting

Fax 01753 621877. e-mail agn@fss.co.uk

supporting a highly demanding management team who have worldwide recognition in their field Lindsay Dell or Andrew Naylor (quoting reference: F70092) on 01753 621866 (evenings on 01604 22422) or send/fax your CV to

them at FSS Financial, 4a High Street, Windsor, Berkshire SL4 1LD

FINANCIAL

the assessment of new systems capable of

the identification of key performance indicators and top quality management information to support commercial decision making.

The successful candidate will be a graduate, qualified

accountant with a hands on approach to finance and with experience preferably gained within an operating unit of a large organisation. In addition, you

should be able to make a significant contribution to

keeping pace with expansion

Business wowth

Acquisitions and Strategic Planning

GE Capital is one of the world's largest and most successful financial services companies, part of GE's \$70 billion global enterprise. One of its highly successful core businesses and the largest fleer management company in the world, GE Capital Fleet Services is already a major European player. Consistent growth of more than 20% a year and continuing acquisitions put the business well on track to be Europe's leading fleet services operator by the eod of 1997. Driving business growth is Fleet services' pan-European business

development team, currently expanding in take on additional individuals with the experience, dynamism and talent in identify strategic opportunities and play a key part in European expansion. Taking cootrol of the entire acquisition process from originatioo and inception to deal-making and execution, these roles are central to business success. Initially based in Brussels, you will focus primarily on identifying and pursuing acquisitions. The team also looks at strategic planoing for continued growth and implements joint venture opportunioes to complement and grow Fleet Services existing portfolio.

These are demanding, high-profile positions requiring exceptional iodividuals with an MBA, ACA or other recognised business degree. A background in finance and involvement in successful transaction are essential. Ideally in another international business, a consulting firm or in the corporate finance team of a Big Six practice or major bank. You must combine around 5-7 years' experience with evidence of the ability to negociate hard, move fast and implement major deals. Proactive and analytical, you will also have fluency in a second European language.

Working with European business leaders, these roles offer exceptional exposure to Fleet Services' entire operations and to influential individuals throughout GE Capital. The salary and benefits package is pitched to attract individuals of the highest calibre whilst GE's commitment to training and personal development, its harred of bureaucracy and red-tape and its global meritocracy provide unrivalled career prospects: the busine development team has a record of developing business leaders for exceptional senior roles world wide.

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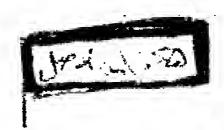
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EUROPEAN STOCK EXCHANGES

There has been severe pressure on institutions to reform their ownership, management and ambitions. John Gapper discusses the changes that have taken place

Out with the old, in with the new

Europe's stock exchanges the insiders of the stock have been through as many changes in the past year as most managed to pack into partly reflects bow little as well as across borders. As tive institutions felt the need to alter their ways in the past. But it also indicates tional investors in London, the severity of the recent global competition for listpressures on them to reform their ownership, management and ambitions.

The results of legal changes such as the introduction of the Investment Services Directive, technological innovations, and the gradual emergence of an equity culture among European investors have been startling. Across Europe, exchanges are abandoning co-operative ownership, drawing together in fresh partnerships, and competing far more strongly with London.

There is more to come if European and economic monetary union occurs on time in 1999, Some observers believe the rationalisation of regional exchanges within countries will be followed by similar changes across borders, Well-intentloned notions of co-operation could easily be swept asida in a far more intense and cut-throat form of competition for European broking business.

This is all occurring against a backdrop of growing interest in equity invest-ments in continental Europe. The DM20bn privatisation of Deutsche Telekom last year was a milestone for the modest German equity market, while interest is widening rapidly in countries such as Italy where ordinary people have traditionally distrusted

exchange. European exchanges already face competition the previous decade. This from outside the continent these sluggish and conserva- larger European companies seek access to capital in the US and among big instituglobal competition for listings of shares and depositary receipts is rising. Only the largest European exchanges may stand a chance in a

> Furthermore, smaller and nimbler exchanges such as Stockholm and Amsterdam are no longer having it all their own way against a London Stock Exchange that has been through several tumultuous years.

global marketplace.

London has shown signs of regained momentum in introducing reforms such as electronic order-driven trading, and it also possesses his-

torical advantages.

Among the biggest changes affecting European exchanges have been:

Introduction of the Investment Services Directive. From January last year, all member states of the European Union have been obliged to offer open access to domestic securities markets for regulated firms from other states. The ISD also introduced the idea of "remote membership", allowing a firm in one country to transact business on

an exchange elsewhere. In practice, the ISD has been a little slow in coming into effect. The European Commission has been taking enforcement action against Germany, Greece, Luxembourg, Spain and Portugal

for failing to implement the directive fully.

However, this has more to do with slow, domestic legislative programmes than matters of principle, and the ISD's effects are already clearly visible

■ Demntualisation of exchanges. There has been a flurry of initiatives in smaller exchanges to move from mutual ownership by brokers and traders to public ownership hy wider groups, including investors and listed companies. Both the Amsterdam and Milan exchanges are planning to go public this year, and Stockholm has already taken the plunge of changing own-

The exponents of such In the past six months, moves argue that exchanges can only react to a changing competitive environment properly if they are freed from the partial interests of brokers. "If you were to blow the

world up and start again. you would not produce cooperative stock exchanges." says Mr Benn Stell, head of international economics at the Royal Institute of International Affairs.

Formation of partnersbips and alliances. The most notable moves bave heen within regions away from the central European block of France and Germany.

The ambitious attempt to gain co-operation between the Paris and Frankfurt bourses foundered over technology last year, although the French exchange bopes that its two electronic trading systems can be linked next year.
"It has been easier for coun-

tries on the geographical margin to see the benefit of clubbing together for size. and this has prompted Stockbolm, Oslo, Copenhagen and Helsinki to eoter talks. Mr Jean Francois Théodore. head of the Paris Bourse, argues that the escalating costs of technology will eventually force exchanges to co-operate at least on common trading platforms.

Creation of new exchanges. This has occurred within countries, and across Europe to cater for the growing number of small companies seeking listings and flotations. The past year has seen the energetic, if slow, launch of the Easdaq exchange modelled has made it much simpler exchanges by acting as an external threats. Mr Théo-says,

pean NM project involving the French Nouveau Marche.

Sucb initiatives have been greeted with eothusiasm. since the need for smaller markets aimed at companies without long-established trading records is clear. Yet there remain risks that European retail investors, who are slowly adjusting to placing cash in equities rather than in government bonds, could be put off by problems within what will Inevitably be volatile mar-

■ Technological innovation. The move towards electronic order-driven trading

on the Nasdaq exchange in for investors to trade intermediary, and channelthe US as well as the Euro- remotely, choosing among ling share orders through exchanges according to one network.

> parency. "If I want water, there is only one pipeline, but I can order my shares from wherever I want," says Mr George Möller, chairman of Amsterdam Exchanges.

Furthermore, technology opens up competition to exchanges from new rivals, including proprietary trading systems. Private firms such as instinct, the elec-tronic broker owned by the financial information company Reuters, can provide its mainly US investor base with access to many

transaction costs and trans-Gavin Casey, chief executive the London Stock

mation.

Ultimately, this might lead to a world of stateless exchanges, or one in which investors' orders to buy and sell securities are matched by electronic networks

Exchange, argues that this is unlikely because of the emphasis investors place on being able to check on companies through listing infor-

European exchanges will be with London. The fact is that able to forge new forms of the real competition is comco-operation in response to ing from New York,"

IN THIS SURVEY

- London: harmony after:
- turbulent period Paris: creaming of an
- Deutsche Börse: new era dawns in Germany extending the frontiers
- Switzerland: EBS
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- Athens: scandel prompts tighter rules Easdaq and the
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Russia: strange beast is

dore of the Paris Bourse says that the emerging demand from European investors for a single zone of asset allocation" means that there will be "some kind of globalisation of the European mar-ket" through a network of linked exchanges.

Yet, others are sceptical about tha possibility of exchanges working together when the forces of competition intensify. Mr Möller of Amsterdam says that some exchanges will no longer be able to afford the luxury. "Exchanges will be tougher towards each other. They may be extremely polite, but they will bave to compete more fiercely nonetheless,

he says. Despite all the changes rather than exchanges. Mr among continental exchanges over the past year, this competition could be on a broader scale than they have yet realised. Mr Stell of the Royal Institute says that the battleground has been misunderstood. "The myth is that Paris and The optimists assert that Frankfurt are competing



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Harmony after a turbulent period

The series of bitter rows appears to have had a cathartic effect

The London Stock Exchange has been in an unusual position over the past few months: it has been out of the news. After one of the most turbulent periods in its history, and the rapid loss of two chief executives, the exchange bas started to regain its sense of stability.

The outbreak of relative harmony may not last. The exchange still bas to gain regulatory approval for some aspects of its planned move to electronic order-driven trading on October 20. Furthermore, implementation of these radical trading reforms could well create further turbulence in London.

Yet there is a sense that the series of bitter rows first over the move to electronic settlement, and then to electronic trading, has had a cathartic effect. "Any institution can go through a tough time, but we are recovering from it well," says Mr Gavin Casey, its latest chief executive.

Michael Lawrence, the radical former chief executive wbo stirred discontent among its most powerful reform its governance, but his effort to push through trading reforms.

In Mr Lawrence's wake, placed much more power in the hands of exchange officials have been toned down. Yet the move to electronic trading for FTSE 100 shares helped along by the public turmoil that accompanied Mr Lawrence's departure.

Mr Casey has taken advantage of this renewed stability to reinforce London's effort to cement its position not only as the leading European financial centre, but as New York's only true rival as a global centre for listing and trading of equities from Europe, Asia and the Ameri-

The exchange has also been helped by the fresh by US investment banks and European banks to huild operations in London. This has strengthened

Mr Casey owes his posi- the financial centre, and tion to the dramatic dis- changed attitudes at institumissal a year ago of Mr tions such as Smith New Court and S.G. Warburg wben ownership changed.

Nonetheless, the exchange bas re-established stability members. That stemmed not from a lower base. It has lost only from his attempt to settlement responsibilities that not only generated revenue, but are increasingly used by rivals such as Amsterdam as a selling governance reforms that point. It has also had to delay reform, while other exchanges have accelerated progress.

Mr Casey admits that time bas been spent over the past will go ahead unscatbed, year getting the basics right. He points to reviews of strategy and governance last year. Neither produced a startling conclusion, but Mr Casey says they were needed to establish what it was supposed to be aiming for, and how to proceed. "It was important to

> review strategy, because although the exchange had been around for years, we bad not looked closely enough at what we should be doing, and not doing, Without it, it was impossible to decide, and we were buffeted around by events outside our control," he says.

London: share volume 1996 (000)*

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January	12,229,197
February	11,935,218
March	12,299,672
April	12,051,319
May	11,243,870
June	10,011,898
July	10,431,174
August	8,845,80
September	9,581,636
October	11,730,570
November	11,679,338
December	9,905,550
January 199	7 13,818,42

reform to be introduced this year is the move to electronic order-driven trading. This has been a vexed issue because the exchange's decision-making has historically been dominated first by jobbers on the floor of the exchange, and after 1986 by the equivalent market-mak-

Some market-makers notably BZW, the investment banking arm of Barclays - dragged their feet on reform. Yet the shift has been agreed, with the exception of transparency rules. It can be seen as the completion of London's "Big Bang" The most important that led European stock mar-

ket liberalisation a decade its ownership by members.

reassure outsiders about occurring yet," he says. London's openness. "US investors do not feel quite as comfort that what you see is wbat you get," he says.

Yet the exchange is stephy the creation of a new regime for block trades - the equivalent of New York's tary Receipts (GDRs). "unstairs" market. No one can quite anticipate how when the switch happens,

This partly accounts for a modesty in Mr Casey's ambitions for the immediate future. "There are changes elsewhere, but it does not mean they are right for us. We are trying to put in place things that are vital for London's future, and we must not take our eye off the ball," he says.

Among the continental exchange might switch from the scene," he says.

and sell shares to outsiders. Mr Casey says an elec- "In the longer run, we may tronic order book, which is look at ownership, but that already in place in other would need a dehate with financial centres, will help our members that is not

Mr Casey puts more emphasis on reinforcing happy with market-making. London's place as a centre An order hook will bring for international listing. The exchange has been stepping up marketing trips to emerging markets, in response to ping into an uncertain world the push by the New York Stock Exchange to increase its listings of Global Deposi-

He says that its success in gaining listings from China trading patters will alter and Korea show that the exchange's recent travails even if the exchange man- have failed to dent its interages to avoid technical national image. "It is still a very good brand name. New York has many qualities, but we are still in the lead, and we intend to stay there," he

That success is also contri-

buting to a slow revival in the exchange's reputation. There was some damage, hut it has not been terminal. There is a massive investment here from banks that have chosen to come to Longrands projets discounted by don, and tremendous good-Mr Casey is the idea that the will for us to remain part of



Gavin Casey: 'we are recovering from a tough time'

PARIS • by Andrew Jack

Dreaming of an alliance

The idea is to create a company controlled by Paris, Frankfurt and Brussels

Mr Jean-François Théodore has a dream. The head of the Société des Bourses Francaises, the French stock market, hopes to develop an ambitious alliance with his neighbours which be likens to an Airbus-style joint venture in the financial sector. A single company controlled by the exchanges in are under way with other

Paris, Frankfurt and Brussels, among others, would share technology and co-operate in the marketing of equities within the future Euro single currency zone to investors from outside the

It is the latest in a series tives being taken by Paris as the competition bots up across European exchanges for business - to attract companies ready to be quoted, traders dealing in equities, and investors seeking opportunities for their

Mr Theodore makes It clear that his organisation, the SBF, is no parastatal entity passively reacting to the change taking place around it. "We are a commercial company with a duty to make profits and pay dividends in a competitive environment," be says.

That is reflected in its first mass market advertising campaign launched at the end of last year in the designed to lure new companies. "We have 700 French and 200 foreign quoted businesses. There are certainly lots more that merit a listing," be says.

Among the initiatives designed to encourage new quotations was the creation last spring of the Nouveau Marché, aimed at start-up. high-growth businesses, of which there are now 20 listed, albeit with variable

The bourse is working in a close alliance called Euro NM with similar markets in the Netherlands, Belgium and Germany. Others may follow. All that is helping it to steal a march on the rival pan-European Easdaq net-work aimed at similar companies and inspired by its

New York cousin Nasdao. If the European Union's investment services directive - which theoretically came into law at the etart of last year - demanded relatively little reform of the French market, it did serve as a reminder of the increasing scope for it to extend its tentacles into other European markets.

The SBF has placed trading screens and enhanced communications networks in London and other financial centres to control more business directly, and recently took a stake in a financial information system transmitted by satellite. It also commissioned a

mischievous study early last year arguing that the trade statistics reported by the London Stock Exchange's Seaq International were vastly exaggerated, with just 8 per cent rather than the claimed 52 per cent of French equity transactions taking place through the London system rather than directly on the Paris bourse. The SBF is making rather

more significant preparations for the creation of the single European currency. In conjunction with the Matif. the French derivatives market, it is already gearing up to quote all its share prices in Euros from January 4, 1999 - another initiative which it believes will place it ahead of its rivals. "We have the feeling that we have the right cards in our hand,

says Mr Théodore. That may help it attract additional investors. So may the fruits of discussions likely to conclude next spring, which could lead to the bourse remaining open until 9pm in an effort to trade until the closure of the

New York markets.

It has also tried to boost its services to investors by introducing new stock market indices to stand alongside its benchmark CAC-40 of the leading 40 quoted companies. These include the Mid-CAC, while discussions markets to create a European-wide equities indicator.

Meanwhile, it has made a series of modifications to trading rules, including adaptations to off-market trading last year, and the introduction of "fill or kill" orders to help small invesof recent ambitious initia- tors which were unveiled in mid February this year.

But the SBF is also an active exporter from France. Its NSC, the computerised "new quotation system", which it has developed and uses, has brought it considerable commercial success and the prospect of tight partnerships with a number of foreign exchanges.

It is already in use in the Brussels, Toronto and Sao Paulo exchanges, and in modified versions in Tunis. Casablanca, Amman, Warsaw, Riga, Vilnius, Kiev, and Beirut. Its Super CAC system will replace the Reuters' Globex used by the Matif for out-of-hours trading, and the Chicago and New York Mer-

Not all the initiatives have been so positive. Attempts to work with the Matif towards much tighter co-operation with their Frankfurt counterparts foundered last year after the Deutsch Börse opted for a rival computer system to the NSC.

And Anglo-Saxon institutions never cease to highlight the continued dominance of the London stock market for European equities, not to mention concerns French interventionism which can raise suspicions and deter investors.

Indeed, a group of highlyrespected French accountants and lawyers published a survey of their country's leading companies' annual reports in January which financial reporting.

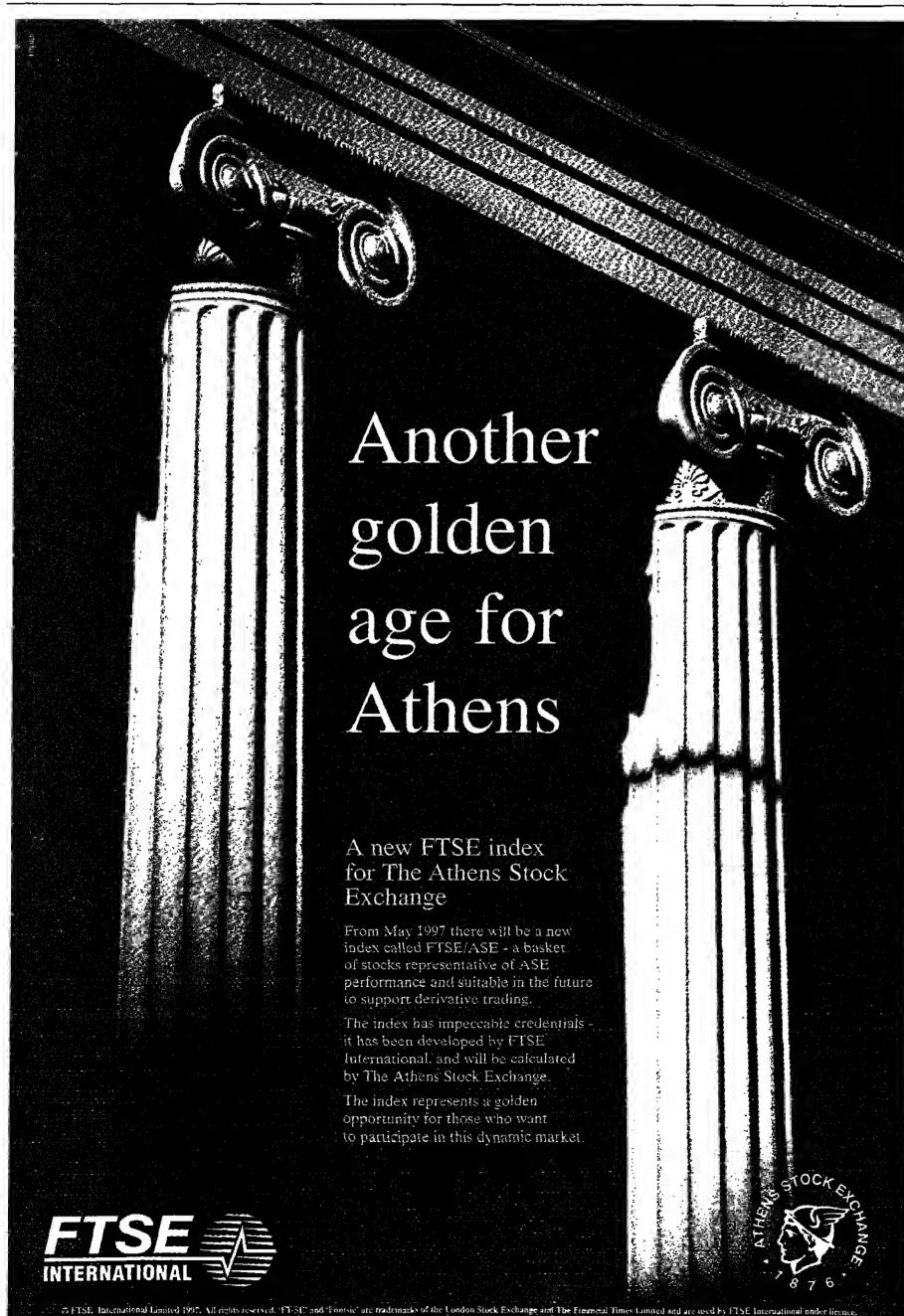
Meanwhile, partly in the wake of the failed privatisations of the defence contractor Thomson and the bank CIC at the end of last year, there is still also considerable scepticism about how truly open the French mar-

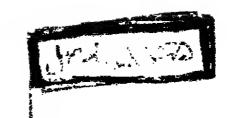
ket is to foreign investors. There have been only two notable hostile takeover bids recently, and hoth were entirely "Franco-French": of the insurers AXA and UAP. and of the retailers Docks de France and Auchan.

Mr Théodore nonetheless argues that France is increasingly becoming an equity-based culture, and is inspired by both new legislation just approved to create top-up pension schemes and privatisations such as that of France Télécom, which be believes will whet the appetite for more. "It's a market like any others," he says.

volume 1996 (000)*

	-
January	330,4
February	
recruary	332,7
March	340,7
InqA	334,0
May	
	320,9
June .	428,4
July	401,7
August	
	197,2
September	355,8
October	0000
	392,8
November	460,8
December	369,4
	309,4
January 1997	440,9





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The number of quoted stocks is small in relation to the size of the economy Traditions are being unceremoniously overturned on the German stock exchange. Not only is full electronic trading on the - which will bring an end to floor dealings, though no-one knows quite when -

DEUTSCHE BORSE • by Andrew Fisher

reporting requirements than the main exchange. Both initiatives are being driven hy Deutsche Börse, which runs the Frankfurt securities markets, including Deutsche Terminborsa (DTB), the futures and options exchange. Together, they promise to usher in a new era for the market.

but a new market segment

for small companies is being

created which will have

much stiffer listing and

At the end of this year. a new electronic trading system called Xetra (exchange electronic trading) will the D-Mark and create a new

replace Ibis, the electronic dealing network for institutions. Around the end of 1998, Xetra will be in full operation, handling wholesale and retail business in all securities quoted on the exchange. By that time, the Neuer Market (new market), designed to attract dynamic young companies, especially those with a high-technology bias, will be under way. Opening next month, it will build up its operations gradually, aiming to have up to 20 listings in the first year or

similar ventures in Paris, Brussels and Amsterdam. Both Xetra and tha Neuer Markt show the determination with which the Frankfurt exchange - dominating trading on Germany's bourses, ahead of Düsseldorf, Munich and five others - is pursuing its ambitions. Not only is it keen to establish a technological lead over rival international exchanges, especially ahead of monetary union which will eliminate

competitive environment that technology alone was size of the economy. among European markets. But it is also aware that too few newer companies are being listed on the bourse to offset the dominance of the big blue chips.

New era dawns in Germany

Costing up to DM150m, Xetra - known as Zeus in its davelopment stage - is aimed at making the market more transparent and liquid and thus speedier, more efficient and cost-effective. Not only will this benefit existing market participants and investors, but it should also so. Eventually, the Neuar Markt intends to link with improve access for remote users of the exchange - both in and ontside Germany. "Xetra will make Deutsche

Borse internationally more competitive because it will bridge geography and time zones," Mr Werner Seifert, chiaf executive of the stock exchange company, says. He adds that no other exchange had so consistently used the possibilities of remote membership. It has computerised access points across Europe develop this advantage. However, he recognises

not enough to overcome the German wariness of shares. "Because of the lack of a proper equity culture, the market is not as sophisticated as it could be," he

Although last November's DM20bn new issue by Deutsche Telekom heightened domestic interest in the stock market, more momen-tum is needed. By international standards, Germany's around 600 quoted stocks is still small in relation to the

Frankfurt: share

volume 199	6 (000)*
January.	900,831
February	780,788
March	1,375,269
April ·	. 718,105
May	819,104
June	1,372,528
July	1,371,680
August	1,021,868
September	1,458,763
October	1,461,086
November	2,752,496
December	1,927,826
January 1997	2,221,185

By itself, the Neuer Markt will not make a huge dent in Germans' oft-cited risk aversion. But it should provide a new platform for institutional and retail investors to invest in the type of innovawhich might not otherwise issue shares to the public.

Deutsche Börse has already lined up several technology-oriented companies for early listing on this growth market. Bertrand, an engineering design company serving the motor industry, will be the first listing (it is already quoted on Frankfurt's juplor market), followed by Mobilcom, a mobile telecommunications operation. Also planning to come to the market is Utimaco Safeware, a computer and software security specialist.

Many bankers and brokers, in Germany and abroad, see a clear a need for the Neuer Markt, though it will take time to show its worth, Several German companies have recently obtained listings on the Nas-



daq, the US market specialising in high-tech companies, in the absence of an alternative in Germany. In addition, Easdaq, the competing pan-European market, recently began operations in Brussels along the lines of Nasdaq.

However, Mr Reto Francioni, a director of Deutsche Borse, notes that at least half the turnover in these stocks - including Qiagen, a biotechnology company quoted on Nasdaq last year - is now carried out in Germany. He sees this as a favourable omen for the Neuer Markt.

Mr Gimter Femers, head of the Neuer Markt project, says that apart from these more are keen to be quoted on the new market this year. A number of German and foreign banks had said they

market-makers. These included Deutsche Bank, Dresdner Bank, Westdeutsche Landesbank, BHFbank in Germany, ABN

would arrange new issues,

advise companies and act as

expected to take part in the Neuer Markt as it develops, Mr Femers says.

Both he and Mr Francioni believe the Neuer Markt and Euro.NM will have advantages over Easdaq, The Neuer Markt would be rooted in a domestic market, as would its partner exchanges, which would benefit liquidity and contact

Altogether, says Mr Sei-Bank, Bayerische Vereins- fert, the first 20 new issue candidates for the Neuer Amro of the Netherlands Markt have a total turnover and Banque Paribas of of around DM1.4bn and France. Other banks are employed 4,300 people.

with investors.

AMSTERDAM • by Gordon Cramb

Two pioneers are extending the frontiers

The new Amsterdam Exchanges is aiming to have a listing of its own

When Amsterdam Exchanges (AEX) came into being on January 1, 1997, it brought together the world's not taken as a model in oldest stock exchange and Europe's pioneer financial derivatives market. Just seven weeks into its new life, AEX pushed the fron- Dutch," ha says. tiers further by publishing a prospectus under which It tary exchange to have a

stock market listing.

The company created from stock exchange and tha European Options Exchange with Dutch pension funds itself from outstanding with past declarations by the are needed, the exchange

exchange and OM options and futures market, its biggest shareholder, are quoted but remain separate entities.

According to Mr George Möller, the former EOE chief and now AEX chairman, the Stockholm experience was forming the new structure. "The only thing Swedish about this is the umlaut in my name - the rest is pure

membership associations, aims to become the first nni- putting assets and activities into one limited company. It was undertaken as a merger of equals, each putting up the memberships of tha half the FI 100m paid-in capital. The associations live on in mutated form - allowing is placing half its shares the new company to distance

move has a precedent only sors - and will own all the A in Sweden, where the stock shares in the enterprise. On offer to other institutions is a class of B shares, of equal size and nominal value, and member firms may trade in those, too.

This closed market will years, with exchange members receiving income through a cumulative preference dividend topped up by profit-sharing certificates. From 2002, the shares can be traded more widely, and at The task was to unite two that point AEX intends to list itself on its own board. We want to establish a business with a track

record," says Mr Möller. Even after then, however, any one shareholder will be restricted to a maximum 10 per cent holding in AEX. The stipulation sits uneasily

and listed companies. The claims against its predeces stock exchange that it says. A New Market Amster- EOE index, renamed the Möller says that if the stages of development.
exchange fell into different Amsterdam Excha hands, official permission This closed market will conduct business on behalf remain in force for five of the public. "We have an

exchange, a licence, and at

the end of the day something

very vital to the Dutch econ-

omy ... Our case, I feel, is The demutualisation of the exchanges came into effect a big home market. at a time when they have been enjoying record equity prices and strong volumes. Turnover in shares and bonds approached FI 2,000bn last year, up from F11,362bn the year before and quadruple the level of five years

ago. If volumes are to

remain rising, new listings

opposes protective share dam is being created to AEX index from January to constructions. To this Mr attract companies in earlier

Amsterdam Exchanges faces the challenge of securmight have to be sought ing earnings for itself and its anew in The Hague for it to new shareholders while aiming to compete as cost leader in a European capital market which, if economic and monetary union takes effect on schedule less than two years away, will be increasingly borderless. Moreover. it lacks the underpinning of

> As a single organisation, officials argue, it will be able more easily to develop product combinations in order to hoost trading volumes. By this logic, these would he domestic bond or equity derivative contracts such as those available on their bestknown joint creation, the three-year-old Amsterdam own clearing and retains the

reflect the belated marriage

of its parents. The two markets created a joint executive in 1992 to coordinate planning, which brought benefits including the trading of bond futures on the stock exchange's dealing system as well as a new baby last October - the Amsterdam Midkap index, which computes the value of 25 companies with share turnover just below those of the 25 in the AEX.

Stock and options chiefs have also orchestrated their responses to government initiatives affecting the securities and futures industry. A securities board now issues dealing licences and polices suspicious stock transac-

right to decide who should belong. But a series of insider trading cases over recent years has not touched the exchange membership.

Because of one such scandal, however, a strange new type of share is due to find its way on to the AEX board. Begemann, an industrial investment company, is suing the exchange and the government for a total of more than Fl lbn after an insider dealing conviction against Mr Joep van den Nieuwenhuyzen, its former chairman, was overturned

on appeal. At the centre of the case is the damage inflicted on ing the proceedings. To ther volatility while the civil tions made through the suit is in progress, the comexchange, which does its pany is creating a separate class of share which it will

volume 1996 (000)*

612,880 556,045 588,558 542,178 572,884 505,130 681,416 623.942 November 584,459

distribute free to shareholders, and into which any pro-

The exchange initially refused to list the so-called Bega-claim stock, saying the Begemann's share price dur- state had not acknowledged the company's suit and that shield its shares from fur- no new capital was being brought to the market through such a listing. But then it abruptly reversed its

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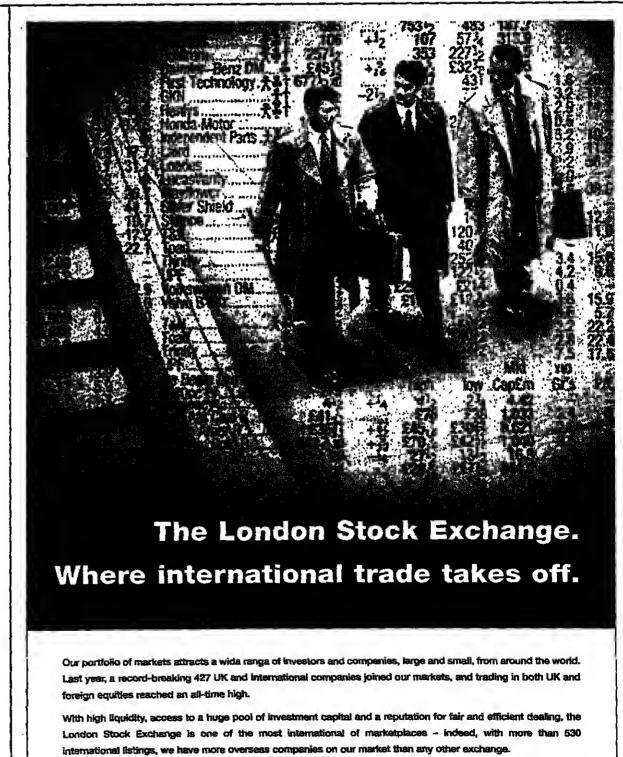
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doubters shaken off Euro set to

The Elektronische Börse Schweiz has increased efficiency on the stock exchange

The Swiss stock exchange finally seems to have shaken off the doubters who have scorned its efforts to introtronic stock exchange covering everything from order input, to execution and settlemeot of transactions. A takes less than two seconds

from start to finish. The financial newspapers are no longer filled with stories of embarrassing trading halts of Swiss blue chips as inexperienced traders learned how to use the stateof-the-art system when trading in Swise equities first began. The initial fall in trading volumes in the aftermath of last August'e launch has been replaced by a steady rise in activity as traders become more comfortable with the reliability of the system.

In January, turnover in Swiss equities of SFr56.2bn was 18 per cent up on the previous year, and over one and a half times more than in January 1995. The pick-up in trading volume of foreign shares, which went electronic in December 1995, has been even more dramatic with a more than 50 per cent increase in 1996 annual volume, to SFr31.6bn. The only area which has not experienced a pick-up in volume is boods, where electronic trading started in August 1995. The Elektroniache Börse Schweiz (EBS), to give the project its correct name, certainly took far longer to complete than expected and cost far more than anticipated. But it has met its objectives of bringing increased efficiency and greater transparency to a Swiss stock market which only seven years ago consisted of seven separate regional bourses and an independent Swiss Options and Financial Futures Exchange (Soffex).

Initial fears that traders would bypass the system

and trade outside the market bave proved groundless, says Mr Otto Nägeli, 47, the former chisf executive of Soffex, who now runs the Swiss stock exchange's market division. More than 95 per cent of the sbare transactions have taken place on the exchange and 65 per cent of the warrant transactions. Bond trading has never been duce a fully automated elec- a big item which explains why only 38 per cent of transactions went over the

exchange. typical transaction now market is liquid and professional, says Mr Nāgeli. A trader will only deal on the market if be is certain that the trade bs does is better than that which can be achieved outside the market. The figures prove that the best trades are on the exchange. The size of dealing spreads has narrowed and be is convinced that the costs of dealing will decline. The Swiss financial community has prohably invested more than SFr600m in the EBS project which is designed to give Switzerland a competitive edge over rival

> The integration of Soffex into the main stock exchange has improved the possibility for the cross fertilisation of new trading products and belped the Swiss authorities to regulate the market professionally. Switzerland has been slower than many European countries in modernising its financial regulations. The Federal Banking Commis-

sion, a relatively thinly

staffed bank regulator in

Berne, is about to bs

renamed the Federal Bank-

European stock exchanges.

Zurich: share volume 1996 (000)*

January:	55.40
February	38.4
March	64.8
April	58,69
May	51.14
June	56,2
July	82.3
August	41.00
	. 39,07
October	43.2
November	48.52
December	42.27
January 1997	65.27
"Detectroom total market inc	es.

ABOLS A

THE MARKET TO WATCH IN TURGPE

The performance of the Portuguese

economy in 1996 provided a very.

positive impact on the Lisbon Stock

Exchange, with the BVL 30 Index rising

reached 24.5 billion USD, a 33.2 %

Market capitalisation, in equities,

performance of the Lisbon Stock Exchange in 1997.

MARLES SA

USD, a 6.5 % increase on December 1996, in USD terms.

increase on 1995, in USD terms, while turnover increased 69.1 %;

Investor's confidence in our market and in the sustained

As of January 31st, market capitalisation reached 26.1 billion

The BVL 30 Index rose 13.2 % in January, while turnover

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The figures prove that the Otto Nagel: the market is liquid

ing and Bourse Commission and will take over from the Cantonal governments the job of supervising the securities industry. Its task has heen made much easier by a single electronic stock exchange whose transparency means that it is much harder for mistakes and misdeeds to go undetected. A new stock exchange act is being implemented to back up the atock exchange's selfregulatory role.

While the successful launch of Switzerland'e electronic atock exchange bas given Switzerland a temporary competitive advantage it still faces an uncertain longer-term future. In terms of market capitalisation of listed securities, it ranks 11th in the world and in terms of equity turnover it ranks eighth. In terms of foreign equity turnover it is the fourth busiest exchange and is even more important in foreign bonds and warrants.

However, Switzerland remains outside the European Union and many of the country's best-known blue chins such as Nestle. Novartis. Roche and ABB could be listed anywhere in the world. Mr Marcel Ospel, chief executive of Swiss Bank Corporation, says that the key question facing the Swiss exchange coocerns its future role in an increasingly international environment dominated by a few big institutional investors. Should it, for example, make more of an effort to permit non members to have access to the Swiss market?

The Swiss exchange is betting on the world's stock according to Mr Nageli. FUTURES AND OPTIONS EXCHANGES • by Samer Iskandar

this have emerged:

markets becoming more elec-Five-year tronic. It believes that it is at contracts are the leading edge of automation and this is borne out by likely to trigger the ksennsss of other the next battle for exchanges to form alliances with the Swiss exchange. In market share September 1996, the Chicago

Board Options Exchange

(CBOE), the world's largest

options exchange, the

Options Clearing Corpora-

ing bouse, formed a strategic

develop, build and maintain

for trading and clearing

The OCC is licensing its

derivatives exchanges - the

The German and Swiss

exchanges which are now

working together with the

Chicago exchanges want to

become the global leaders in

the development and opera-

tion of trading and clearing

systems for derivative prod-

ucts. The planned implemen-

tation of identical system

standards brings the vision

of trading with integrated

clearing systems across time

This fits in with Mr Nage-

li's vision of the future. An

exchange is nothing more

than a geographical access

point needed for various rea-

sons such as supervisory

and listing requirements.

"Sometimes I have the

impression that national

stock exchanges are

regarded like oational air-

lines. A country needs one to

aged by elther individual

exchanges or some kind of

supranational exchange,

in our minds." he says.

zooes a step closer.

uct launches.

standardised derivatives.

Much has happened since ths spring of 1996, when Liffe fired the opening salvo of the battle for supremacy tion (OCC), the biggest clear- of European derivatives trading. Old alliances were disalliance with the Swiss to solved, new ones initiated; old futures and outions conjointly a common platform tracts were modified, new ones were created, and dead ones could yet be resurrected.

margining software for use By announcing that all its by Soffex and the CBOE has short-term interest rate conbeen licensed to use Soffex tracts on currencies particitrading eoftware. Last pating in European eco-December, the Swiss nomic and monetary union exchange joined forces with would be eettled in euros the Deutsche Börse to intefrom early 1999, the London grate the two trading and International Financial clearing eystems of their Futuree and Options Exchange highlighted the nrgency of adapting exchanges' development Deutsche Terminbörse and Soffex. The aim is to reduce strategies to a single curcosts and speed up new prodrency environment.

With the advent of the single currency threatening to shrink the total size of the listed derivatives market, analysts believe some of Europe's smaller exchanges are destined to disappear, or at least be relegated to

Behind the numerous decisions made in recent months lies the recognition that by boosting trading volumes in the run-up to Emu, each exchange would increase its chances of aurviving the expected consolidation of the

Three ways of achieving ■ The first was to forge links with other markets. covering the entire yield curve, from one-month to 10 Liffe and Matif have folyears, on the currency most lowed this route. In November, they simultaneously

Emu: the D-Mark. announced alliances with It is too early to predict world's largest the new product's chances of exchanges - the Chicago enccess, but the German Board of Trade and the Chiexchange's lead in intermecago Mercantile Exchange diate maturities is well allowing US traders direct established - it currently access to some of Europe's lists the only liquid future most liquid derivatives conon five-year bonds.

However, according to ■ The second move was to change contract specifica- market observers, this maturity is likely to be the most tions to make them compaticontested sector in coming ble with Emu. But since all months. Both Liffe and Matif protagonists reacted swiftly are believed to be eyeing to Liffe's advance, this argument ceased to offer any five-year products. In early 1993, Liffe competitive advantage.

not alone.

vield curve".

launched a future on five-The last, but most signifiyear German bonds, but had cant, strategy relies on creatto abandon it in September ing new products with the 1994 due to insufficient tradaim of covering all maturiing activity. But traders say ties on the vield curve. It has Liffe could be planning a been adopted by the German repeat of thie experience. exchange, Deutsche Termin-Officials at the exchange borse (DTB), in addition to would not discuss its plans, Liffe and Matif but confirmed that Liffe was Liffe was again the first to "looking at a whole range of

make a move on this front. In September it announced a new contract on one-month interest rates on the D-Mark. This was followed only days later by a similar announcement from DTB, which then decided to change the specifications of its futures on three-month D-Mark rates.

Surprisingly, in spite of its relatively small size - less than 50 per cent of Liffe's volumes in 1996 - DTB has the most comprehensive interest rate product range. And it is set to accentuate this lead: on March 7, when

Rumours are also circulat- CAC index.

notional contract, from

it launches its new Schatz ing that Matif is considering future on two-year German options on five-year German debt, it will have products bond yislds. Such intentions, once confirmed, would further highlight the importance that exchanges attach likely to be the anchor of to this part of the yield curve.

One sector that is likely to survive the Emu-driven rationalisation of the industry is the market for options on individual stocks and futures and options on equity indices. Some observers even believe the growth of transactions on these markets will increase as a result of the elimination of currency risk.

"Currency loss is the biggest threat for a fund manager looking to invest in a foreign market," one banker said. "If you remove this risk, all the large funds will be more than happy to buy foreign shares.

Liffe and DTB, which offer equity products, can expect to benefit from this situetion. On DTB, for example, options on the Dax index are the single most heavilytraded product.

Matif is less fortunate in European contracts". It is this respect. Although it lists futures on the CAC stock In a recent report describ-ing its Emu strategy, Matif market index, options on this index and on individual said some of its members shares are traded on another "recommend the rapid exchange - Monep. But Matif launch of a five-year conhas recently taken steps to tract on the French franc remedy this situation. At the end of January it announced The Paris-based exchange the creation of a common cleared the way for auch a sobsidiary with the Paris move by lengthening the bourse whose responsibiliunderlying maturity of its ties would include developing equity products, as well roughly eight years to 10 as managing the benchmark

THE NORDIC BOURSES . by Hugh Carnegy

Speculation about mergers

prove its aotonomy. That is Interest in the no longer valid. There are no four centres in a boundaries any more except pan-Nordic Over the long term these exchange has access points, in places such as London, Paris, Frankfurt varied and Zurich, could be man-

Merger talk on the Nordic bourses concerns more than rumours about which two listed companies may be about to get together. For the past several months the stock exchanges themselves have been the subject of merger speculation.

For most of the decade. the chief story in Copenbagen, Helsinki, Oslo and Stockholm has been of the strong gains made by the respective stock markets, fuelled by deregulation that unleashed a wave of international investment in Nordic

Now an increasingly bot topic is whether trading sbould be given an even greater impetus by combining markets.

Mr Lars Johansen, managing director of the Copenbagen stock exchange, has been a strong advocate of a merger of all four main regional bourses to form a pan-Nordic stock exchange.

"It would be more attractive for both local and for eign investors, it would to a greater degree attract foreign members, it would be an alternative to other European markets for oon-Nordic companies when they consider a listing outside their owo areas," he wrote

recently. Some discussions bave been beld on the issue. Although even the biggest of the four - the Stockholm stock exchange - is quite smell in global terms, together the markets would rank highly in Europe, giv-ing them the critical mass to ward off competition from other centres and attract business from elsewbere.

Their combined market capitalisation in mid-February was US\$400bo. which would put a pan-Nordic bourse in the top five in Europe. In turnover, the generally highly liquid Nordics would rank third.

The Nordic markets have also been in the forefront of developing electronic trading and settlement systems. Linking them into a single electronic system with common order books abould not pose any great problems.

But a pan-Nordic merger does not seem to be about to bappen. There has been uneveo interest in the idea between the four different centres. Not the least significant factor is the relative indifference of Stockholm. where the size of the market makes the argument for a merger less compelling. This is matched, by a worry among the other three that Stockholm would dominate.

There are also structural obstacles concerning ownership and control: for example, the Stockholm stock

exchange is a listed company in its own right. The Copenhagen and Helsinki markets are for-profit corporations, but not publicly listed, while Oslo still has a traditional membership-

based structure.

But perbaps the most important obstacle is the relationship between the Stockholm stock exchange and the OM options exchange. The OM Group, founded by entrepreneur Olof Stenhammar, has become a dominant force in options and derivatives trading and is the stock ket place" for Nordic securiexchange's biggest shareholder with a 21 per cent stake. If is interested in a local merger with the Stockholm stock exchange.

exchange have been discussing this since late last year. A merger would emphatiposition as the most importo become a "universal mar- berg investment vehicle.

Stockholm: share

volume 1996 (000)* 373,813 February: 397,54B March . 416,298 270.629 238,029 293,458 October: 459,989 433,209 November 396,139

lerger deal appeared to be beld up at least in part by concerns that a merged OM and the stock exchange would be dominated by the interests of the Wallenberg family industrial empire. Wallenberg-concally underpin Stockholm's trolled companies already a common system from the make up half of the market tant centre for securities capitalisation of the stock the only means of trading trading in the region. It exchange: OM's biggest equity derivatives in Oslo would also mark a decisive sharebolder, meanwhile, is was via the telephone. OM step towards OM's ambition Investor, the main Wallen-

But if the merger goes ahead, the universal Nordic marketplace OM has in mind would be a big step closer to reality.

OM is by no means leaving the other regional markets out if its plans. But what it has in mind is a network of Nordic exchanges, rather than one Nordic exchange in which OM would be the key participant.

This scenario is to some extent already taking shape. OM in mid-February opened a joint market place for equity derivatives with the Oslo stock exchange, which It said was the first real-time At the time of writing, a electronic link between inde-

pendent exchanges Through electronic links to OM's exchange in Stockbolm and its OMLX exchange in London, Sweden and Norwegian equity derivatives can now be traded on three ceotres. Previously, has a similar link with Heisinki in the works.

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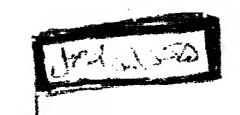
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ATHENS • by Kerin Hope

AY FEBRUARY 28 1997

tighter rules

The fraud revelations forced the government to implement reforms

Like the storm-tossed ships in the painting that hangs above his desk, Prof Manolis Xanthakis, chairman of the Athens Stock Exchange, has found himself navigating around perilous reefs in the past three months.

proproving supervision of the 65 Greek brokerage houses and of trading and settlement procedures on the bourse took on a naw urgency after the discovery last November of a fraudu- own auditing team. lent trading scheme involving a group of small-capitalisation stocks and several brokerage houses.

The exchange was forced to shut down for three days an imprecedented event while bourse authorities made a desperate effort to assess the extent of the fraud.

While the scandal dampened trading activity for several weeks, there was no massive outflow of funds. Foreign and domestic investors have rushed into the market since January, following the upgrading of Greece's credit rating by Moody'a, the US rating agency, and sharp interestrate cuts on bank deposits as inflation dropped below 7

per cent. The index has surged by while daily trading volume

Tha fraud revalations ment to implement immediate reforms aimed at restoring investor confidence, and to address longer-term issues concerning regulation of Greece's small but fast-growof independence for the ties and Greek banks. stock exchange.

The Capital Markets Com- products.

ne 1995 (0001*

January	19,17
February	16,79
March	- 16,20
April -	15.35
May	8,97
June	14,37
July	14.96
August	15,66 22,11
September	21,68
November	10.49
December	22,88

mission, the bourse watchdog, is based at the economy ministry and is only now in the process of acquiring its

The new measures include the establishment of a Dr6bn insurance fund to guarantee aettlement which is being covered by contributions from brokers and the stock exchange and will be gradually built up to about Dr15bn.

Tighter controls on brokers have also been introduced. Settlement has been cut by 48 hours to trading plus three days, while brokerage houses must provide bank guarantees or cash for the extra amount if their daily trading volume exceeds their capital base. Another priority for the

bourse authorities is to improve settlement procedures by switching as soon as possible to a book entry system at the depository. However, fewer than half more than 25 per cent in US Greece's 230 listed compedollar terms since January 1 nies have switched from bearer to registered shares has more than doubled since and Prof Xanthakis estimates that the start of dematerialisation, already much forced the Socialist govern- postponed, is still several months away.

The exchange is already preparing to instal a new Dr5bn electronic trading system Intended to generate liquidity and support a flood ing capital market and the of rights issues planned this politically sensitive question year by state-controlled utili-

The launch of e new index The Athens Stock in co-operation with FTSE Exchange is nominally a International, which propublic limited corporation duces the FTSE 100 and bot its sole shareholder is other indices for the London the state, while the govern- stock exchange, should give ment appoints the chairman trading a boost and provide and still has a strong influ- a basis for introducing ence on decision-making. Greece's first derivative

WARSAW . by Anthony Robinson

An enviable reputation

After being re-opened in 1991, the exchange now has

88 quoted stocks The Warsaw Stock Exchange has gained an enviable reputation for transparency and efficiency since its re-establishmant in April 1991- after a 52-year hiatus. The combination of French-style trading methods, based on the Lyons

10 75

bourse, and Anglo-Saxon supervisory arrangements. and Exchange Commission,

surge of the past 18 months later this year.

which doubled the market capitalisation of the 88 quoted stocks to \$50n, while a further 20 per cent rise in modernised to cope with the the main market WIG index expected surge in trading. over the first two months of this year added another \$2bn tender next month for a new

this year plus 15 National ha linked to big Investment Funds (NIFs) international banks and which control 512 formerly state-ownad companias world. privatised through the mass privetisation programme. By the end of the year we'll biggest companies. But well have as many quoted stocks over 60 per cent of trading as other exchanges in tha region such as Helsinki or single price auctions based Vienna," says Mr Wieslaw on a daily fixing. A recently Vienna," says Mr Wieslaw

executive. difference is not the number at the fixed price for 45 but the size. At present none minutes after tha fixing. of the top 10 Polish This has proved popular companies is listed. The with 20 per cent of trading breakthrough will come this taking place on this basis.
year with the privatisation
of several of Poland's continuous auction system is flagship companies," he

In February, the Warsaw accounts for around 16-20 Stock Exchange Index per cent of total trading. (WiG), a total return type Looking ahead, Mr Rozlucki index weighted to reflect the says: "Wa don't exclude market value of individual market-making as a method companies, broke through of trading in future but for the 18,000 mark for the first that we need ready and time from a 1991 base of willing market-makers to

	the same and the same at the s	
	January	71,947
	February	79,224
	March	
		78,037
	7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7	76,024
•		58,210
		48,327
		38,764
	September	55,964
•	October	60,706
	November	37,506
		44,049
	January 1997	73,927
	1	7.7

The exchange is expected based on the US Securities to make another qualitative leap forward when the proved robust enough to flagships, such as Bank survive the first market trash in 1994.

It has also rooms flagships, such as Bank experience to the first market than the copper company, and Polska It has also proved flexible Telecom, are listed alongside enough to accommodate the 15 NIFs which will join

The exchange is issuing a to the value of shares.

Another 25 companies are expected to gain admission by the end of 1998 and it will stock markets around the

Last year, the WSE started continuous trading in the 22 still takes place through Rozlucki, president and chief introduced post-auction trading period allows buyers "What makes the and sellers to match orders

only now gaining mom-entum and atill only

come forward."

EASDAQ AND THE NOUVEAU MARCHE . by Christopher Price

Scandal prompts Cool reception for new exchanges

After slow starts, demand for potential member companies and

investors is rising The blaze of publicity that launched Europe's two new-est exchanges — Easdaq and the Nouveau Marché — in the past year was matched only hy the coolness of potential investors and member companies.

Easdaq, the pan-European stock market for high technology stocks, was faced with the embarrassment of opening for business in September without any members. The first company did not list until November. Since then a further five companies have joined.

The market now has a combined market capitalisation of \$1.2bn, with \$250m of new capital raised. Easdaq says it remains confident of reaching its target of 50 members by 1998. "We have always made the

quality of the companies we attract our number one priority, not the quantity," says Mr Stanislas Yassukovich chairman of Easdag, "There are quite a large number of companies we are continuing to turn away because they are oot suitable." says Mr Yassukovich.

with the backing of 80 European financial institutions to replicate the success of the Nasdaq market in the US. The creation of an exchange for fast-growing high-technology stocks in need of capital was seen as a vital ingredient for the development of a dynamic European hightech sector.

The Nasdaq connection was reinforced with a duallisting agreement between the two markets, while the US exchange also took a small sbarebolding in the European market

Not surprisingly, Easdaq's Each company must have at least two market-makers and a sponsor. So far, some 250 European brokers and dealers bave registered as Easdaq marketmakers.

Companies need oo trad-ing record, while at least 20 in the first three months was free-float. Like Nasdaq, shares traded 7.9m worth quarterly to international accounting standards. All documentation and disclodocumentation and disclo-sures, which are subject to challenge for Easdag is to

the development, particu-Easdaq was conceived larly with the range of com-rith the backing of 80 Euro-panies which have joined.

The biggest company on the market is Dr Solomon's Group, the UK developer of anti-virus software, which raised \$97m and bad a market capitalisation of \$310m when it became the first company listed on Easdaq at the end of November.

Since then, its market value has risen to \$424m, although much of the share trading has been done through the group's Nasdaq listing.

The other companies listed are Innogenetics, a Belgian listing requirements have biotechnology group, Art-echoes of the US exchange, work Systems, a Belgian software company, Activcard, a computer security concern, Mercer International, a US pulp and paper manufacturer, and PixTech, a US computer group.

per cent of shares have to be 2,234, with the number of have seen their share price rise since joining.

Easdaq scrutiny, must be in establish its trading stan- Marché links up with oew dards across Europe's finan- markets being established by

tinue to work towards raising the market's profile.

Another challenge is to attract companies and investors from a wider geographic sphere. Mr Yassukovich says the interest of potential companies was stroog from Britain, France and the Beneltz countries. Investors, too, had been drawn largely from these areas, with UK institutions being joined by ricb private investors from France, Belgium and Swit-

Germany, in particular, was a barren patch. "Ger-many has the least developed equity market in Europe so it will be some time until any great interest is likely to develop there," says Mr Yassukovich.

While executives from Easdaq are intent on differen-tiating their exchange from the emerging national markets for high-tech stocks, their rivals do not agree. "We are in direct competition with Easdag - same companies, same investors." results must be reported \$90m. Four out of the six says Mr Yanick Petit, deputy general manager of Le Nouveau Marché.

He believes this rivalry will grow as the Nouveau

The plan is to create a pan-European exchange which is rooted into local markets, providing companies, inves-tors and market-makers with

the benefits from both

systems Based in Brussels, Euro NM will co-ordinate the setting up and promoting of a European network of markets for fast-growing young

companies.
The first tangible move towards the oew network will come next month when the four markets will have a common data feed into dealers' trading screens.

Nouveau Marché bas so far attracted 19, mostly hightech, companies in the 12 months since commencing trading. Although most are French, one company is Belgian and one Canadian. More importantly, according to Mr Petit, is the fact that half the investors are non-French. "We have showo that our market can appeal to oon-French investors." UK institutions have been

Switzerland. However, investors will not have been encouraged by model themselves, remains the fact that more compa- to be seen.

most evident, as well as

investors from the US and

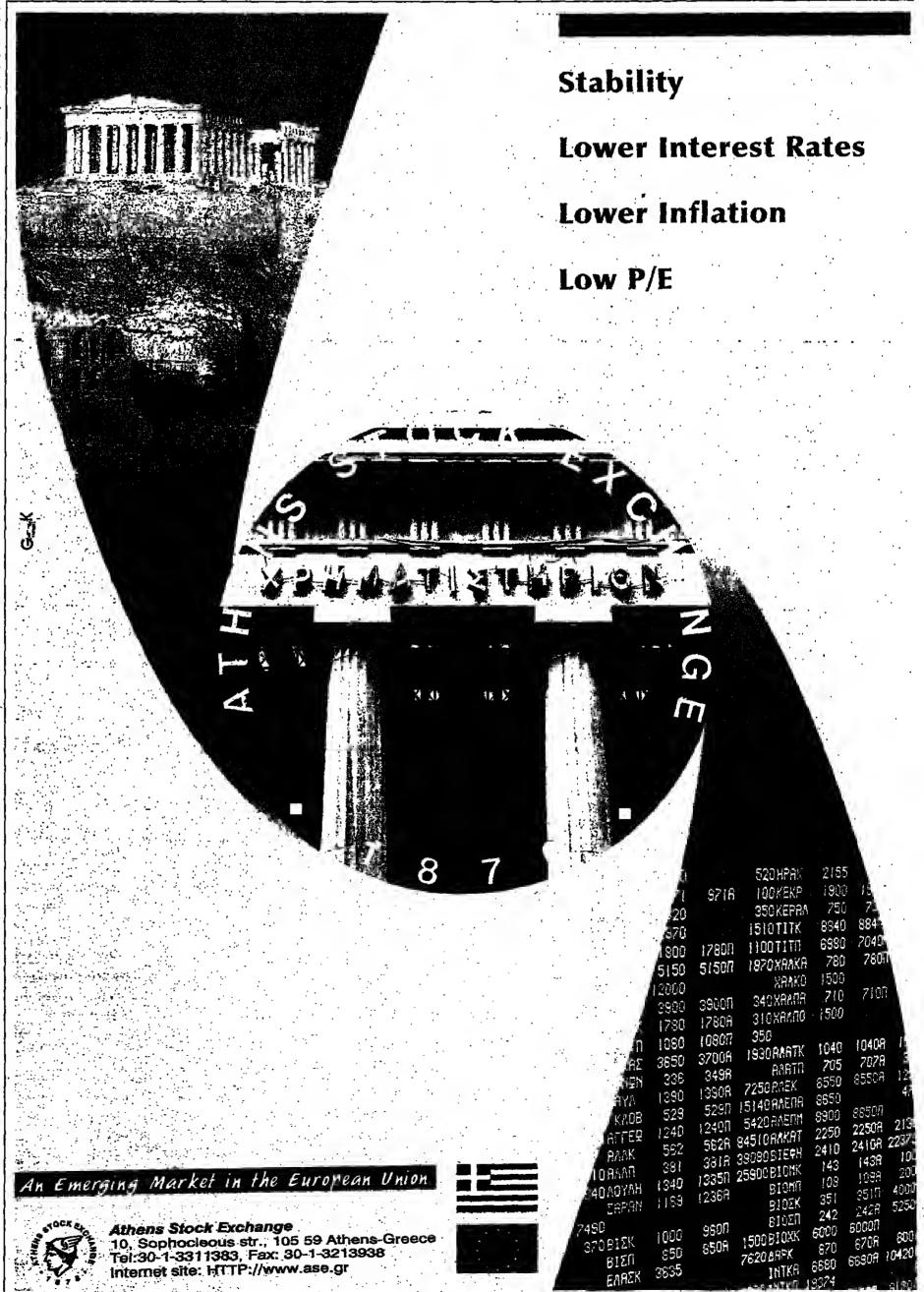


companies turned away

nies have seen their share price fall than rise. Mr Petit puts this down to the decline in technology stocks oo Nasdag in the summer which had a knock-on effect. "We have seen a strong recovery in prices since then." The market is currently capitalised at Fir6.6bn (\$1.15bn).

After slow starts, executives from both Easdaq, the Brussels-based pan-European stock market, and the Nouveau Marché, the Parisbased exchange for smaller companies, claim that demand from both potential member companies and

investors is rising. Whether enough demand exists for the two exchanges to match the success of the Nasdaq market, in the US. oo which both are trying to



Year of reckoning for the ugly caterpillar

The future of the bourse depends on the success of financial market reforms

1997 will be the year of reckoning. "It will be the year year in which we will see beautiful butterfly."

So far, the early signs are encouraging. The Milan ing by around 17 per cent after rising by only 11 per cent in 1996 and falling by 2 per cent the year before. The daily volume of transactions has doubled from an average pnhlic limited company with of L620bn last year to around its own self-regulatory pow-

than L2.000bn. italians, notorious govern-

ment fixed income investors, appear to be rediscovering equities. The decline in interest rates and hond For the Italian stock market, yields has encouraged them to tiptoe back into shares. The net flow of money into pare ourselves to compete in that will shape the future of equity funds has been rising a liheralised international our bourse," says Mr Benito since December after 22 Boschetto, the chief execu- months of negative flows. tive of the ftalian Stock And despite a correction in Exchange Council. "The recent weeks and continued worries over ftaly's particiwhether we can transform pation in the first phase of the ugly caterpillar into a European monetary union, the mood remains bullish.

However, the longer term health of the Italian market stock market has had a is likely to depend on the buoyant January with the success or failure this year blue-chip Mib-30 index rally- of a broad and ambitious reform of the stock exchange and ftaly's financial markets in general. It includes the privatisation of the Stock Exchange Council into a

this year.

phase of deep, radical change," explained Mr Boschetto. But the stock exchange's chief executive also warned: "Either we premarket environment or we will be out of the game."

But it will not be easy, ecknowledged Mr Boschetto. Italians have traditionally been suspicious about the bourse for aeveral historical reasons. For a start, the country's largely publiclyowned banking system has been in the past hostile to the stock market. Fiscal policy until recently was heavily alanted in favour of bank lending. in turn, this created the paradoxical situation of a country with the highest savings rate in Europe hut with the most

indehted productive system.

privatised by the middle of borrow have disappeared. also considered the bourse "We are undergoing a ulate the capital risk market. institution: a place to gam- financial system, there are,

> Democrats the market was a few years from the collapse place of sin; for the old Com- of the late Raul Gardini'a munist Party it represented the unacceptable face of cap-Italism. Again political attitudes towards the stock market are beginning to change. Most of the parties that have emerged since the political shake-out provoked by the "Tangentopoli" (or "Bribesville") scandals earlier this decade have shown greater understanding and aympathy towards the role a modernised, transparent equity market could play to support industrial development and

Until a few months ago, most small ftalian investors regarded the stock market as an exclusive club for a few big hitters: the Agnellis, the

wealth creation in Italy.

This is now expected to stim- as a highly risky and shady The old political parties ble rather than invest as always in Italy, some sigbourse. For the old Christian financial scandals of the past empire to the more recent

boardroom and financial tur-

bulence at Olivetti have

done little to enthuse small

investors. However, efforts are under way to improve corporate governance in Italy and create a more transparent market. "Corporate governance is fundamental if we are to have a healthy market." insisted Mr Boschetto, who believes the new corporate governance rules being introduced will help hring about a change in attitudes inside ftalian management

and also among investors. Although the January stock market rally, the growth in motual fund

providing a good foundation union and the single curfor reform of the country's rency. were also opposed to the savings. The string of big nificant political hurdles to ity on early entry into moneovercome. The privatisation tary union and Mr Romano of the bourse could still be Prodi, the prime minister, undermined by power struggles with the existing bank-

> ditional vested interests. This has already led to controversy over the decision hy a a group of banks and securities houses to form a consortium to acquire a 51 per cent controlling stake in the privatised stock exchange. There bas also been growing debate whether to allow rival foreign exchanges to acquire a stake directly in the new privatised ftalian exchange.

seeking to protect their tra-

A hroader and more significant issue involves Europe and the ftalian government's commitment to be among sized companies in Italy

INVESTMENT SERVICES DIRECTIVE . by Christine Moir

Li,500bn in January with ers. If all goes according to With changes in the law, the de Benedettls, the Medio- investments and the devel- the first countries to join the some daily peaks of more plan, the bourse should be strong fiscal incentives to bancas of this world. They opment of pension funds are new European monetary

The centre-left government has staked its credibilsaid he would resign if Italy failed. However, there have ing and financial system as been growing doubts well as the political parties whether Italy will in the end make it. This has created tenaions on the market which fears failure could provoke a renewed political

> on the whole optimistic. "We are a country in transition although the old regime is not dead and the new one has yet to emerge. The climate, however, has changed. We are moving away from a public-monopolistic system to an open and private one." He stresses there are more

than 1,000 healthy medium-

likely at some stage to seek a stock market listing. "This is the basis for the development of our stock market," crisis and a halt to the curhe explained. "It won't lead to an immediate leap in capirent rally. But Mr Boschetto remains talisation but it should help develop the market as well

as the country's overall industrial development." Whatever happans, he : added, these companiea, which make up what has become known as the ftalian industrial model, will go to the market; if not in Italy, elsewhere as some have

already done.

wilan: share

September

October ..

November

December

January 1997

volume 1996 (000)*

4,126,353 3,612,795

2.962,164

3,987,616

3,898,091

3,183,639

3,019,897

1 926,996

3,625,190

3.059,555

4.315.238

3,024,690

8,153,044

OTHER BOURSES . by Michael Morgan

And for some analysts, the Lisbon stock exchange came of age in 1996

The Vienna stock exchange, one of the oldest in the world established in 1771, has been a hive of activity as the hourse authorities prepare for the 21st century.

Last June, a computerdriven trading system, the Electronic Quote and Orderdriven System, or EQOS, came on stream, allowing dealers to communicate by the FT/S&P-A Europe directly and to place buy and sell orders into the system. with transactions being concluded automatically.

Some 26 of the most liquid shares are traded electronically and plans are in place to include all 1,900 listed securities, including bonds, by the end of the year.

Under the new regime, banks undertake to make markets in the most liquid shares and each share has at 54 per cent. least three market-makers. Trading hours have been extended and the limit for price fluctuations increased from 10 to f5 per cent.

authorities also abolished tor, says that the bourse's 1997. Miss Alexandra Perrisecurities accounts; in recent years they had provided an escape route for investors who preferred to avoid a 25 per cent withholding tax on vields, interest and dividends. The abolition had two purposes: to bring domestic regulations in line with those in other European markets and to prevent

Mr Manfred Heider, the exchange's deputy secretarygeneral, says there are plans sation issues. for a new market, listing small and medium-size enterprises. The new mar-

ket, called Fit - standing for Finance in Time - is scheduled to start trading during the second quarter of this year with between five and 10 listings. Compared with its neighbours, Vienna put in a dull performance last year, rising

26 per cent in local currency terms, compared with the 41 per cent advance registered ex-UK index. For some analysts, 1996 was the year that Lishon came of age as the \$2.3bn

privatisation programme brought an influx of foreign interest. The sale of Portugal Telecom, Cimpor, the cement group, and Telecel, Portugal'a dominant mobile phone operator, were the main stories of the year, helping the market index up

The exchange has been actively trying to market itself to foreign investors in recent years. Mr Jose Car-Last July, the market exchange's marketing direc- year and it remains so in efforts began three years ago with e roadshow in London. Subsequent shows have visited Paris and Frankfurt, and last year New York and Boston. Next month, the cycle comes full turn with a roadshow in London.

Local investors, meanwhile, have also been encouraged into the market by the introduction of a cap on the commission charged on small retail trades. Dis- remaining 10.5 per cent

offered to domestic retail investors buying the privati-

The privatisation trend looks likely to continue this year with the government expecting to generate proceeds of \$3.4bn from further state sell-offs. The biggest of them to date, the expected sale of a 25 per cent tranche of Electicdade de Portugal, the electricity utility, is planned for the second quarter of 1977.

The market itself has made an encouraging start to 1997 rising about 18 per cent in local terms and the rise has been accompanied by a sharp increase in average daily turnover from around \$25m a day to nearer

Madrid was a positive performer last year with a 10 per cent rise in December alone taking the year's advance to 49 per cent. One fiscal jucentive, cred-

ited with providing the market with a mid-year boost. was a sharp reduction in capital gains tax from 56 per cent to 20 per cent on assets held for two years or more. Liquidity, however, was a doso de Matos, tha key theme in Madrid last

> cone at James Capel in Lonenjoyed a boom year as returns on equity funds outstripped those on money market funds by three to one. A succession of successful small cap IPOs also fuelled interest. This month's sell-off of Telefonica is expected to be followed in the second quarter with the aale of the government's

Vienna: strare volume 1996 (000)* January February : April 14,059 August Septembe November: 13.366 16.321 December

January 1997

stake in Repsol, the energy group. The second half of the year should bring another tranche of Endesa to the market as the government reduces its holding in the energy group, from 66 per cent to around 46 per cent.
Istanbul left it until the

end of last year to come

alive. But then, a combination of an increasingly stable political environment and sustained falls in inflation and interest rates spurred the market sharply higher in January. Equities also benefited from a new tax on bond- the Securities and Futures yields and an unexpected, but nonetheless welcome. ruling in the constitutional court last month which effectively opened the way for the privatisation of Turk Telekom, the state-owned telecom company. The government hopes to receive at least \$3bn by selling up to 39 per cent of the company this year. That sale and others of quoted state companies could substantially boost the market's capitalisation, currently around \$44bn.

In January alone, the market surged 50 per cent in dollar terms as domestic and foreign investors scrambled for stock, pushing daily turnover up to \$850m on some

Barriers go up in Europe

A year after the ISD, it is even harder to do business than before

Mr Mario Monti, the European Commissioner for the Single Market, plans a programme to improve member states' compliance with the directives covering the free movement of goods and services ecross the EU. Many states have been backsliding on their ohligations towards a single market and have put up barriers of one kind or another.

Nowhere is this more obvious than in the financial services sector. The Investment Services Directive came into force in January 1996; at the end of January, six countries, including Germany, had yet to implement it. Few had implemented it in

full. In the UK, for instance, Authority (SFA) delayed the introduction of transaction reporting requirements until purpose-built computer softwara could ba designed. First expected last October, it now looks to be on target for May this year, according to SFA chairman, Mr Nick

delays and differences in interpreting the directive mean that a year after a single investment market should have come into effect UK-based fund managers and stockbrokers complain that it is even harder to do business in Europe than before.

"Business that is permitted in one country is prohib-

ited in another," says Alan Albert, managing director of asset management for Merrill Lynch in the City. "We had hoped the directive would give a clear and uniform framework which would break down barriers. We have been disappointed.

"Whenever an opportunity arises to win business we must check to see if it is covered locally by the directive. We have had to supply marketing staff with detailed rules for each country and advise them to check back with our legal department on anything not specifically mentioned." Mr Albert does not see a single market operating uniformly for "at least four or five years" as there is no consensus on what constitutes an investment service and no guidance, so far, from Brussels.

In the absence of such guidance a single market eems an elusive goal. The Second Banking Co-ordination Directive, for instance, was promulgated as far back as 1994 but hanking customs across Europe are still a long way from harmony. Hence tha importance of

Mr Monti's initiative. For the ISD he plans a mechanism by which member states can raise difficulties with Brusbest practice elsewhere But even this conduit may fail if individual countries do

not use it. In the UK, for instance, subsidiary companies which manage group assets are not covered by the Financial Services Act as they are not regarded as investors needing protection. Against this hackground

the Investment Manegers Regulatory Organisation (fmro), anoounced lest autumn that this type of business would not be covered by the ISD. Mr Chris Hibben, assistant director in fmro's legal end policy tion and husiness conduct, is



from Brussels

department, said the decision was taken after consultation with UK authorities and trade bodies. It would not be raised as a problem through the new mecha-Most UK investment

houses which have previously done business outside the UK are continuing to struggle to function in Europe despite the absence even of agreement on a definition of an investment service. (In the UK, life insurance companies are closely integrated into the investment community but on the Continent their business will mostly be separately regulated by specific life directives.)

Both the main involved - SFA and Imro have issued a respectable number of the so-called "passports" which certify a firm as fit and proper to conduct pan European business. Imro's Chris Hibhen says "there has not been a Gadarene rush"; nevertheless around 220 member firms, out of the possible 480 which might have been expected to he interested, heve passports. At SFA the number is about 400.

One encouraging sign, according to David Kenmir, SFA's director of authorisaning to review their European corporate structure. The ISD allows groups with passports to operate either cross-border or through simple branches locally.

Mr Kenmir believes most UK-based firms now perceive London as their "euro-hub" around which they will develop a network of hranches. SFA has issued licences for 33 hranches since the directive came in. Mr Andrew Winckler,

chief executive of the Securities and investments Board . (SIB), the UK's premier investment services supervisor, also sees "the stirrings of good things".

A recent meeting of heads of European securities commissions and reguletors agreed that what was now needed was to develop the practical operational policies which would support the principles of the directive. Working closely with the Danes and the Irish, SIB plans a workshop this spring where member states can share their thoughts. in a separate initiative SIB ..

and its French counterpart the Commission des Operations de Bourse (COB). are working together oncommon principles of marmust be free to be innovative they must also be transparent, fair and free from abuse. COB has already held one workshop on the subject and, at a meeting in mid February, SIB agreed to join the French in a second twostage exercise.

Not only will this provide formal underpinning to relations between the two authorities, it will also cement the personal, informal contacts which recent crises such as Barings, Jardine Fleming and Morgan Grenfell have exposed as

Beeson Gregory

EASDAQ Transactions



December 1996

ActivCard Initial public offering on EASDAQ raising \$11 million

December 1996 ARTWORK SYSTEMS

Initial public offering on EASDAQ raising \$45 million BG acted as co-manager



國PixTech

Secondary public offering on EASDAQ raising \$15 million

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RUSSIA • by John Thomhill Strange beast is eye-catching

Created as a means of shuffling paper, the market has been built back to

front

Russia's stock merket, barely four years old, bas already experienced cycles of booms and husts uncommon in markets many years its

From its spontaneous creation in the aftermath of Russia's mass privatisatioo drive in 1993, the stock market soared the following year with the shares of individual companies rising by as much as 30 times. But the market entered the doldrums in 1995 as a series of scandals erupted and investors feared

the return of revanchist

Communists to power. When it became clear that President Boris Yeltsin would be re-elected, the market boomed again climbing 155 per cent in US dollar terms over the course of f996. It has continued its strong run this year rising a further 50 per cent making Russia one of the hottest investment markets in the world with a total market

value of more than \$50bn. Despite this eye-catching history, the Russian stock market remains a strange beast. Originally created as a . gible financial informatioo, means of sbuffling paper and with atill uncertain rather than raising capital, the market has effectively been built back to front. A to be subject to audden strong secondary market has swings of mood and price heen created before a real movements in short, it will

emerged. That strange evolution has produced many distinctive

features. For a start, it has meant that the stock market lacks even the most hasic infrastructure. There are almost no recognisable stock exchanges with any listing requirements. Only a handful of Russia's 110,000 privameaningful financial information. And share registers are ramshackle and often held by the companies themselves. The trading of shares can also be a haphazard process with opaque pricing wide spreads, and big count-

er-party risks. Russia's Federal Securities Commission, headed by Mr Dmitry Vasiliev, has been making great strides in rectifying many of these deficiencies but it will be a long and

With the passing of two laws on joint stock companies and the securities market, the legislative framework is in place to create an orderly and transparent market. But it will take considerthis legislation.

All this means the stock market will offer a baffling array of wooderful opportunities and frightening risks for years to come. In the absence of clear and intellipolitical and economic times ahead, the market is likely primary market has be a very Russian market.

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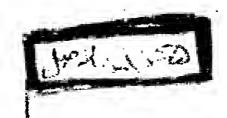
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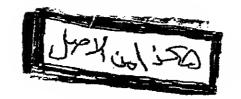
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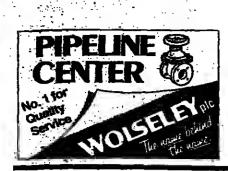
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FINANCIAL TIMES ES & MARKETS

OTHE FINANCIAL TIMES LIMITED 1997

Friday February 28 1997

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IN BRIEF Renault to close Belgian plant

Renault, the troubled French automotive group, is to stop producing cars in Belgium. The company announced it was to cease production at its Vilvoorde plant, near Brussels, which employs 3,100 people. It said the move would result in provisions of FFr2.4bn (\$889m) in its 1996 accounts. Page 16

BES agrees link with Chinese partner Banco Espírito Santo, one of Portugal's leading banks, has agreed on a partnership with China Everbright, China'a aecond-largest financial group. The tie-up is designed to link China with oversees financial markets. Page 17

Three vie for stake in Greek network Three international mobile telephony operators - Orange of the UK, AirTouch of the US and Norway's Telenor – are expected to submit final bids today to set up and manage Greece's third cellular network, Cosmote, in partnership with OTE, the state telecoms

MAN profits slip 27% on falling demand First-half net profits at MAN, the German truck. printing and plant construction group, slid 27 per cent, after a weakness at its printing subsid-lary and a decline in the domestic market for commercial vehicles. Page 17

Split sparks loss at British Gas British Gas signed off as a combined entity with £1.14bn (\$1.84bn) of exceptional charges, sending it to a net loss of £178m. The bulk of the charges - £834m - were incurred in tha last quarter, as the group prepared to split its Centrica supply and trading arm from BG plc.

Hewcrest in 'equity for gold' swap Newcrest; the Australian gold mining group, securitised its 11.9 per cent holding in Normandy Mining through a complex "equity for gold" swap arrangement with ANZ Bank.

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Siemens seeks defence partner

German electronics group says division is too small to stand alone

By Andrew Fisher in Frankfurt and Tim Burt in London

Siemens, the German alectrical and electronics group, is seeking a partner or buyer for its defence electronics business, following the downturn in government defence spending and problems with large pro-

It has told the division's 5,000 employees, most of whom are in the UK, that it plans to find potential partners and does not exclude the possibility of an outright sale

The move follows a significant setback this month for Siemens Plessey, the group's

AmexCo

president

breaches

stronghold

Mr Ken Chenault yesterday

hecame arguably the most

senior African-American busi-

nessman when he was

appointed president of Ameri-

can Express, one of the 30

companies which make up the

Dow Jones Industrial Average

and a traditional hastion of

the US Anglo-Saxon business

Mr Chenault, who is 45,

said: "I feel very strongly that

race has not been a factor in

my career at American

Express and I have been able

to move forward based on my

· Mr Harvey Golub, American

didate to succeed him. Mr

operating officer. All the com-

panies' divisions, including

brokerage and bank as well as the core card business, will

Mr Golub, who is 58, does

not intend to retire for

another seven years. He will

focus on "overall strategic

leadership and direction". The position of president has been

"I feel very strongly that race

has not been a factor in my

career at American Express. I've had a straightforwardly fair chance to get where I did on merit' Ken Chenault

vacant since September 1995. In the past year, Mr Chen-

ault, as president of American

Express's card husiness, has led its campaign to build links

with banks, reversing the tra-

ditional policy of only issuing cards directly to consumers. This has caused an acrimo-

nious legal dispute with the

Visa and MasterCard banking

associations, which prohibit

thair members from issuing

American Express cards, a bar

He has also introduced a

range of new products, aimed

at husiness executives, to

reduce the company's reliance

on its traditional debit card.

These include credit cards pro-

duced in conjunction with

last year. Further market

share gains could be made without changes to the Visa

Mr Chenault, a Harvard law

school graduate and a former

management consultant with

Bain, joined American

Express in 1984. Ha has

received awards for his contri-

bntion to the community,

and MasterCard rules.

the Berlin Wall.

answer directly to him

a white

By John Authers

establishment.

achievement."

electronics arm, when the UK Ministry of Defence cancelled an order for electronic warfare systems after £50m (\$81m) hed heep spent on develop-

Slemens Plessey is also involved in the £2bn Bowman battlefield radio programme, also for the UK, and hopes to form a consortium with ITT Industries of the US and Racal of the UK, both defence electronic contractors, for the

Previously, Siemens Plessey was teamed with Racal in competition with ITT on the Bow-

work together as the cost of system's development ballooned. The MoD has yet to decide whether to accept the company's action.

Possible buyers of Stemens Plessey include GEC Marconi, the defence electronics arm of General Electric Company, as well as iTT and Racal. The UK subsidiary's 3.500

increasing competition and pressure for strategic alliances meant the business was too small to stand alone.

staff were told this week that

Despite the problems with the two MoD contracts, Sieman contract. However, the mens said the move was not two contractors decided to motivated by any immediate

ties. Its defence electronics business had an order backlog of nearly DM2bn (\$1.1bn) and was profitable, it said.

Officials at Siemens Plessey in the UK, acquired by the German group following the 1969 break-up of Plessey, said staff had been reassured that every attempt would he made to safeguard their jobs.

Although Stemens would not comment on its preferred option for the disposal, it indicated that the structure of a deal could resemble Novemalliance with Thomson-CSF of France in the traffic management husiness,

The decision to dispose of the defence operations comes as Siemens, which last year had a turnover of DM94bn and 379,000 employees worldwide, is rethinking its corporate strategy. It hopes to cut costs. improve innovation and expand heyond the German

market. It is selling some non-core activities to raise more than DM3bn to be spent on such core husinesses as power equipment, telecommunications and transport systems.

Dasa division sale, Page 16

Philippines to offer sovereign century bond

By Edward Luce in London and Justin Marozzi in Manila

The Philippines is to become only the second emerging market country to issue a sovereign 100-year bond in a launch which precedes similar moves expected from other Asian sov-

The Philippine "century bond", which at \$250m will be more than twice the size of China's debut 100-year bond last year, is expected to he launched in mid-April, At the same time, the Philippines will launch a dehot 30-year bond issue of between \$500 and

"Century bonds are really coming into fashion," a bond analyst in New York said yesterday. "Borrowers like them because they yield only a fraction more than 30-year bonds but double the prestige and more than triple the matu-

Other countries expected to join the sovereign "century club" include Malaysis and possibly Thailand and South Korea according to bond underwriters. Kepco, South Korea's electric power corporation, raised \$208m in 100-year bonds last year.

Mr Gabriel Singson, governor of the Philippine central bank, said yesterday that the Philippines would increase the size of the \$250m issue if myestor demand outstripped supply. The "Yankee bond".

which will be sole lead managed by Salomon Brothers in New York, will be issued under SEC regulations. "Yankee" bonds are issued by for-

eign entities in the US. The Philippines will he the fifth Asian entity, but only the second sovereign Asian horrower, to tap growing investor appetite for 100-year debt in the US. Earlier this year. Reliance Industries, the Indian petrochemicals to textiles group. launched the Indian subcontinent's debut century bond in an issue that was lead managed by Morgan Stanley and Merrill Lynch.

The Reliance hond was priced at 355 basis points (a basis point is a one-hundredth of a percentage point) above 30-year US Treasuries. The gap has since narrowed in the secondary debt market trading.

"Investors like century bonds because there is 8 real shortage of longer-term debt around at the moment," said a bond trader in London. "It is partly a virility thing for the Philippines to be the first south east Asian economy to do it. But it is that it has made the grade."

The Philippine century bond is expected to be priced significantly higher than its 20-year debt which is trading at 155 basis points above Treasuries. The spread on the yield on China's debut 100-year debt has also narrowed since its

RTZ says goodbye to acronyms on road to Rio

By David Blackwell in London

RTZ-CRA is going back to its roots. The world's biggest mining company, which yesterday reported a 30 per cent fall in pre-tax profits, is to change its ame to Rio Tinto.

RTZ-CRA was formed just over a year ago when shareholders voted for a tie-up between RTZ of the UK and CRA, its 49 per cent-owned Australian affiliate.

Shareholders partial to cor-porate history will note that RTZ stood for Rio Tinto Zinc, while CRA was once Conzinc

Riotinto of Australia.
"It's a hit of a relief to depart from a double-barrelled name." said Mr Bob Wilson, chief executive, adding: "Rio Tinto has the great advantage of not being a potential acronym - so no RTs, please."

Conzinc Riotinto of Australia was formed in 1962 hy the merger of Consolidated Zinc Pty with Rio Tinto Mining of Australia, a subsidiary of Rio Tinto Zinc.

RTZ's origins are deep in southern Spain, where the Rio Tinto copper mines have been exploited since Roman times. In 1873 a syndicate headed

by Mr Hugh Matheson hid £3.7m (\$6m) for the properties, forming the Rio Tioto Company and developing it into the world's leading copper pro-ducer by the century's end.

The original mines were sold back to Spanish ownership in the 1950s. But RTZ returned to the front rank of the world's copper producers with the 1989 acquisition of BP Minerals.

The importance of copper was reflected in vesterday's profits decline from \$2,46bn to \$1.73bn. The fall in average prices following the Sumitomo copper scandal last summer knocked \$250m off the bottom

Meanwhile, the dual listed company structure will remain firmly in place, with CRA becoming Rio Tinto Limited and The RTZ Corporation ing Rio Tinto plc. Both will continue to be separate legal entities with separate share listings and share registers. Shareholders will vote on the name change at the annual meetings in early May.

Observer, Page 13; Lex, 14; US hitch knocks RTZ, Page 21 Commodities, Page 28



ABN Amro, the Netherlands' biggest bank, announced a 26.3 per cent jump in 1996 net profits to Fl 3.3bn (\$1.7bn) but chairman Jan Kaiff (pictured at 8 presentation yesterday) said it could not pledge to sustain that level of earnings this year Report, Page 16; Banker pays price, Page 2

MasterCard buys into Asia franchise Mr Chenault has likened to

By Louise Lucas in Hong Kong cross-packaging with other

MasterCard International, the credit and debit card issuer, has bought into the Asia franchise to develop and market the cash smartcard Mondex.

other organisations, including The franchise, covering 13 New York'a professional bas-Asian territoriea including ketball and ice hockey teams. India and China, was previ-He said the company's priorously held by Hongkong and ity was to build revennes. Shanghai Banking Corporation which it would do by increas-(HSBC), the global banking ing operations outside the US. group. It continues to own 49 huilding its hrokerage and per cent of the joint venture. gaining market share in the MasterCard, with 51 per cent, US through its links with the banks. The company had will be the managing partner. Mondex is a leading develreversed the long decline in its share of US card transactions

oper of "electronic purses" plastic cards with mamory chips that can be "loaded" with cash and used for small MasterCard's move, atill nending final approval, comes barely a week after the company hacame the controlling

partner of Mondex Interna-

tional, the London-based inde-

pendent payments company.

Mondex has sold the franchise including one from the Jackie to its card to banks in more a Robinson Foundation, named after the first black man to dozen countries. Mr James Cassin, Asia hreak the hig basahall Pacific region president of leagues' "colour bar" 50 years ago. But ha said: "I didn't | MasterCard International, said have to go through the trials | that hy teaming up with HSBC and tribulations Jackie Robin- the two parties would he able son went through. I've had a to accelerate roll-ont of the straightforwardly fair chance scheme in Asia. There would

MasterCard products, as well as automatic licensing agreements with existing merchandisers, he added.

The acquiaition pitches MasterCard against its rival Visa and shows the importance of the Asian market for the two biggest card issuers. Visa launched its own "elec-

tronic purse" in Hong Kong in August, two months before an introductory scheme for Mondex was launched there, and issned 50,000 of the cards within a month.

Mondex claims more than 30,000 card holders in the colony and full roll-out is scheduled for the third quarter of the year.

Hong Kong, as one of the region's most advanced and technologically sophisticated markets, is seen as a litmus test for the two competitors. Singapore, which also ranks

as a highly sophisticated market, is regarded as less attractive because its government is weighing into the game with its own multipurpose chip card for transport and other uses.

Mr Cassin warned that the move to e cashless society would be a lengthy one, espe-cially in China and India -"potentially the most important countries in the world for to get where I did on merit." be scope for cross-selling and payment systems".

Who cares wins?

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TE WOOGLE

ABN Amro reveals Fl 4bn reserves

By Gordon Cramb in Amsterdam and George Graham in London

ABN Amro, the Netberlands' 26.3 per cent jump in 1996 net profits to Fl 3.3bn (\$1.7bn), and unveiled Fl 4bn of previously hidden reserves, half of which will boost shareholder funds.

The group is splitting its shares into four for every one held, and is buying back about 1 per cent of its equity to offer as American depositary receipts as part of its listing in

New York in May. The divideod, meanwhile, rises

Paribas

buy back

unit to

shares

from earnings per share of Fl 9.26, against Fl 7.69.

Mr Jan Kalff, chairman, said in biggest bank, yesterday produced a Amsterdam that uncertainties in world currency and equity markets meant it could not pledge to sustain that level of earnings this year, let alone achieve further growth. The remark echoed the caution he expressed at the same added: "That does not mean I am

expecting a decrease." Total assets had risen 8.9 per cent at the end of December, to increase in overall lending. FI 595.3bn: within which its loan

from Fl 3.60 a share to Fl 4.20, paid was up 12.3 per cent to Fl 328.6bn. Net interest revenue grew 12.6 per cent to FI 11.53bn, as a slight narrowing in lending margins was offset by voluma growth, particularly in the US.

Mr Kalff said that although ABN Amro's loans had grown rapidly, much of its portfolio was in lowrisk assets such as mortgages in the Netherlands and the US. In the stage last year, however, and he retail banking market, growth had been fastest in the US and Brazil. Loan loss provisions were main-

tained at Fl L4bn, in spite of the The bank's general contingencies

from this year into a Fl 2bn open fund to cover general banking risks, with the slightly larger remainder heing transferred to general reserves.

time at FI 4.02bn, is to be divided

This allows both amounts to be treated as core capital under the rules of the Bank for International Settlements in Basle. Tha shift lifts its BIS tier one ratio to 7.21 per cent of risk weighted assets from 6.18 per cent at the end of 1996 and 6.51 per cent a year earlier.

The bank set aside F1340m to cover costs incurred in the planned yet booked.

provision, revealed for the first switch to the European single currency and computer adjustments required by the year 2000. It estimates the total outlay at Fl 500m.

Operating expenses, up 18.2 per cent to FI 12.93bn, were influenced by an increased head count and higher honus payments. Revenues rose 17.8 per cent to Fl 19.09bn.

Earnings include those of Mees-Pierson, the Amsterdam merchant bank sold since the year end to Fortis, the Belglan-Dutch financial group, But MeesPierson was deconsolidated from the 1996 balance sheet, and sala proceeds were not

ABB disappoints with 6.2% decline

\$250m extraordinary gain

from tha merger of ABB's

transportation activities into

a joint venture with

Daimler-Benz, Nevertheless,

unchanged earnings.

By Andrew Jack in Paris Navigation Mixte, the bolding company taken over last year by Paribas, the French banking group, is to bny back and cancel its own shares in an operation to return much of its FFr8.8bn (\$1.5bn) in cash to share-

It will pay out FFr300m to the small group of investors who did not agree to exchange their shares in Paribas' takeover; and FFr6.6bn to Paribas. It will retain nearly FFr2bn for

continued investment. The action is the latest step in the dismantling of the group, which started with Paribas engineering a boardroom coup during the annual general meeting in summer 1995, and subsequently taking it over.

Mr Andrė Lėvy Lang, Paribas chairman, commented that tax and other legal complications made share bny-backs difficult in France. He hoped that discussions ou reforms to the country's corporate legislation would make the process

The news came yesterday as Paribas unveiled 1996 net income of FFr4.35bn, compared with losses in 1995 of FFr4bn, incurred after provisions against property and other activities.

Total revennes from its business divisions rose 22 per cent to FFr13.8bn, while general expenses rose from FFr9bn to FFr10.2bn, and provisions from FFr509m to had remained in the black last year.

Mr Levy-Lang pointed ont: | fibre sales dropped by at least 10 per "We have reached our objection last year, everyone else's busitive for 1999 of a 10 per cent | nesses were in tha red," he said. return on equity."

Mr Levy-Lang said Paribas had no interest in "Franco-French alliances". But in international markets, it would look for "acquisitions

The shares of ABB, the international electrical engineering group, fell sharply yesterday after the company reported a 6.2 per cent fall in 1996 nat income to \$1.23bn and warned there might be no increase in 1997 earnings. The decline follows two years of spectacular growth in which group profits doubled from a plateau of about \$600m in the early 1990s. The previous year's fig-ures were inflated by a

Goeran Lindahl yesterday: upbeat despite stock market's savage reaction

analysts had been expecting the company had increased of working capital. the group to report roughly its net income by 16 per cent Mr Goran Lindahl, who

took over as chief executive in January, remained upbeat despite the stock market's from the disappointing earnsavage reaction to his first set of results since he took sharp drop in margins in the over from Mr Percy Barnepower generation husiness, vik. He stressed that, after adjusting for one-off gains,

was essential that fibres producers

now tried "to get some order and

discipline into the market", sald Mr

van Lede, Simple mergers would not

In other areas, Akzo Nobel's results were depressed by stagnant

sales of PVC and reduced demand

for decorative paints in Europe.

However, acquisitions and currency

gains helped lift earnings in the

coatings division by 25 per cent, to

F1592m, on sales up 9 per cent at

FI 22.4bn. Pre-tax profits rose 3.2 per

Swedish state-owned holding com-

pany, had agreed to sell its stake in

Akzo Nobel as a secondary issue.

direct to institutions. Last year Secu-

rum said it intended to retain a 10.2

Group sales rose 4.4 per cent to

Tha group also said Securum, the

be enough, he said.

cent to FI 1.77bn.

holds back Akzo

A "terrible" year in the European

fibres industry led Akzo Nobel, the

Dutch drugs and chemicals group, to

report static earnings yesterday, in spite of a F1 700m (\$368.6m) boost to

sales from favourable currency

Mr Cees van Lede, chairman,

emphasised that each of the group's

fibres divisions, including viscose,

"In Europe, where the volume of

However, Akzo's own margins in

fibres fell from 4.4 per cent in 1995 to

The group was cutting costs by

moving its most labour-intensive

fibres operations from Germany and

2.4 per cent last year.

The company's efforts to distance itself from attacks ABB's bearer shares fell by environmentalists for its more than 5 per cent to involvement in Malaysia's

SFr1,717 yesterday. Aside controversial \$6bn Bakun Schmidheiny's decision to dam project also received a quit and the controversy ings, analysts focused on the setback yesterday when the sharp drop in margins in the company announced that Mr Stephan Schmidheiny, 49, a the sluggishness of the order leading environmentalist tion business, the group's

in ABB AG, the group's quoted Swiss arm. was stepping down from the board. ABB denied there was any connection between Mr over the Bakun project.

After adjusting for the transfer of ABB's transportaoperating earnings of

\$3.026bn were roughly unchanged on 1995. Operating earnings from power generation fell 39 per cent to \$561m and margins slipped from 8.9 to 5.8 per cent.

In power transmission and distribution, earnings rose 18 per cent to \$765m and margins improved alightly to 8.5 per cent. In industrial and building systems, earnings rose 15 per cent to \$1.26bn. In Adtranz Transportation, the Daimler-Benz joint ven-ture, earnings fell from \$207m to \$81m. The contribu-tion from financial services grew 25.6 per cent to \$323m. Mr Lindahl said that there had been "intense price pres-

sure" in power generation. ABB's workforce increased by over 5,000 to 214,894 last year, sales rose by 2 per cent to \$34.6bn and orders were roughly unchanged at \$36.4bn. The group's return on equity slipped from 28.4

per cent to 22.2 per cent. ABB lifted its total dividend payment of its two parent companies by 25 per cent

Downturn in fibres Dasa puts missiles division up for sale

By Bernard Gray, **Defence Correspondent**

Daimler Benz Aerospace (Dasa) has put LFK, its missile division, up for sale in an auction which has already attracted a provisional bid from Matra BAe Dynamics, the Anglo-French missile joint venture. However, the German government may press Daimler-Benz to find a German buyer for the missile business, because of national security

The company said that it was considering all options for LFK, includ- Lagardère. possible joint ventures. The move follows the failure of merger talks between the missile company and the guided weapons division of Aerospatiale of France.

Matra BAe has put in a provisional bld for LFK, and other compagroups Thomson-CSF and Aerospatiale in France, might also be

However, Matra BAe is thought to want a German company to retain a sbareholding in any group, as it fears that a withdrawal of German involvement could lead to a fall in business from the German government. At the same time, Matra BAe does not want to disturb the 50 per cent stakes in its current joint venture held by the parent companies BAe and

ing sale, and that it was focusing on A compromise being suggested would involve Dasa retaining a 50 per cent stake in LFK, while Matra BAe bought the other half. However, the German government is thought to be concerned about the potential foreign sale of LKF, and may try to broker an all-German solution.

EUROPEAN NEWS DIGEST

Renault to close Belgian car plant

Renault, the troubled French automotive group, is to stop producing cars in Belgium. The company announced yesterday it was to shut down production at its Vilvoorde plant, near Brussels, which employs 3,100 people. It said the move would result in provisions of FFr2.4hn (\$689m) m its 1996 accounts.

Yesterday's announcement came less than two weeks after the company warned its 1996 results would be worse than expected - saying the full year operating loss it is to report next month would be "considerably higher than that generally anticipated by the financial markets". This was interpreted by analysts to mean the overall operating loss could exceed FFr2bn. Yesterday'a announcement suggests the net loss could amount to FFr5bn.

The announcement came just a day after the French government rejected calls by Renault and Peugeot-Citroen, the other big French carmaker, to belp fund plans to cut thousands of jobs and reduce the average age of its employees through early retirement

Axel Springer up 15% in year

Axel Springer, the German newspaper publishing group, said that profits in 1996 rose 15 per cent to DM164m (\$97.1m), while sales climbed 4.3 per cent to DM4.4bn. A dividend increase of DM6 to DM20 was proposed. The company, whose titles include Bild-Zeitung. Germany's higgest-selling daily newspaper, said the figures reflected the benefits of continuing cost control.

Profits had risen in spite of an increase in paper prices, which added DM100m to costs, and the ongoing burden of building up new titles and a presence in online services. For 1997, Axel Springer said it expected profits to increase as paper prices fell. The company will also benefit from the sale of its stake in the lossmaking Deutsches Sport Fernsehen television network and from a moderate pay round deal. At the same time, Axel Springer warned that the costs of building online services husiness were set to rise from DM14m to DM30m. Frederick Stüdemann, Berlin

Harsh winter helps Gas Natural

Strong demand during a harsh winter and an increased client base pushed up consolidated net profits last year at Gas Natural, Spain's dominant gas importer and distributor, by 35 per cent to Pta48.4bn (\$338m). The company said average consumer demand for gas had risen 6 per cent, and that it bad added 200,000 new clients to its distribution network. A total of 30,000 of these were served by its subsidiary in Argentina, raising its total customer base to 3.6m at the end of last year.

Gas Natural invested Pta145bn last year, 38 per cent up on 1995, and concentrated its investment on the Europe North Africa gas pipeline which links the continents onder the Strait of Gibraltar.

Bank Austria in stake sale

Bank Austria, the country's biggest bank, yesterday agreed to sell its 56 per cent stake in Girocredit to First Austrian Savings Bank, in deal which creates an institution with assets of Sch660bn (\$55.5bn).

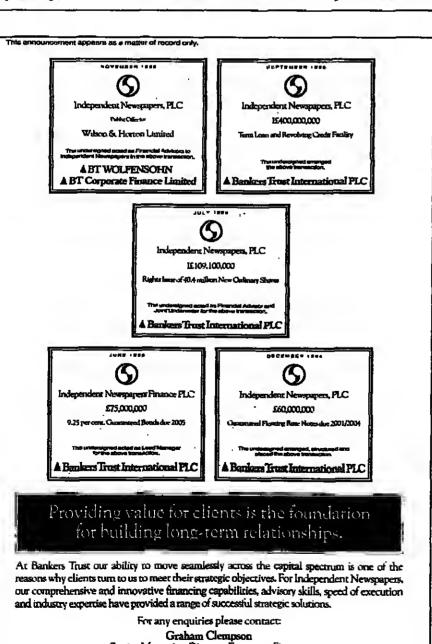
The transaction is a result of the takeover of Creditanstalt by Bank Austria last month. According to a report in a Vienna newspaper, First Austrian, the fourth-largest bank, will pay Sch400 a share for Girocredit, or a total of Sch8.3bn, to raise its stake from 27per cent to 83 per cent. This is the same price that Bank Austria paid three years ago when it won a hidding :. contest against First Austrian to take control of Eric Frey, Vienna

Sol Meliá shows strong growth

Sol Melia, the Majorca-based hotels group which was floated on Madrid's Bolsa in June, has outlined continuing strong expansion after lifting net profits 60 per cent last year to Pta4.7bn (\$32.9m). At the nine-mon stage the group had reported accumulated net profit growth of 35 per cent. It said the income surge, which was ahead of forecasts, was fuelled by a recurring tax-efficient. structure, introduced in the third quarter, made possible by its increasing international presence. Pre-tax profits for 1996 were up 36.6 per cent to Pta6.1bn.

the Netherlands to Poland. But it per cent stake until 1998. Independent Newspapers, PLC Independent Newspapers, PLC 15400,000,000 **ABT WOLFENSOHN** ▲ BT Corporate Finance Limi A Bankers Trust International PLC TE 109, 100,000 Bankers Trust International PLC £75,000,000 \$60,000,000 Bankers Trust International PL A Bankers Trust International PLC Providing value for clients is the foundation for building long-term relationships. At Bankers Trust our ability to move seamlessly across the capital spectrum is one of the reasons why clients turn to us to meet their strategic objectives. For Independent Newspapers, our comprehensive and innovative financing capabilities, advisory skills, speed of execution and industry expertise have provided a range of successful strategic solutions. For any enquiries please contact: Graham Clempson Senior Managing Director European Finance Tel: +44 171 982 2085

Bankers Trust





PROPOSED MERGER BETWEEN WORMS & CIE AND SAINT LOUIS

The Supervisory Board of Worms & Cie and the Board of Directors of Saint Louis, announced on 21st February 1997 their unanimous agreement in principle to the merger of their two companies.

Louis share, subject to approval of these terms by the independent auditor and the institution appointed to issue a fairness opinion. Based on the current Worms & Cie share price, the new Group will have a market capitalisation of over FF21 billion. Future dividends will be adjusted so that former Saint Louis shareholders receive

The merger will be effected by the exchange of 4 Worms & Cie shares for 1 Saint

a similar distribution as at present. At its forthcoming Annual General Meeting on 12th June the Supervisory Board of Worms & Cie plans to recommend an increase in the dividend from FF8 to FF9.5 per share.

Prior to the merger, the Board of Directors of Saint Louis has asked the Deputy Chairman, Nicholas Clive Worms, to takeover as Chairman from Daniel Melin.

The proposals reflect the commitment by the Supervisory Board of Worms & Cie to the rationalisation of its structure initiated in june 1996, with the merger of Maison Worms & Cie into Worms & Cie and the annouocement in December 1996 that Worms & Cie was giving up its status as a partnersbip.

For the sbareholders of Saint Louis, the merger will enable them to exchange their shares in a company in which Worms & Cie and Ifil hold 67% of the voting rights, for a stake in a company with a broad based ownership structure, in which no shareholder with hold more than 25% of the voting rights following completion of the merger. The Worms family group has indicated that it will not be acting in concert with any other group of shareholders.

The Boards of both companies are confident that the direct management of the interests of Saint Louis by Worms & Cie will create greater value for the shareholders of the two groups.

Following the final approval of the merger agreement by Board of Directors of Saint Louis and the Supervisory Board of Worms & Cie, at meetings to be held on 21st and 22nd April 1997, the proposed merger will be submitted to shareholders of the two companies at Extraordinary General Meetings to be held on 11th and 12th June 1997.



CITICORP •

U.S.\$350,000,000 Subordinated Floating Rate Notes Due November 27, 2035
Notice is hereby given that the Rate of Interest has been fixed at 5.5375% in respect of the Original Notes and 5.625% in respect of the Enhancement Notes, and that the interest poyable on the relevant Interest Poyment Date March 27, 1997 against Coupan No. 136 in respect of US\$10,000 naminal of the Notes will be US\$41.53 in respect of the Original Notes and US\$42.19 in respect of the Enhancement Notes.

U.S.\$500,000,000 Subordinated Floating Rate Notes Due October 25, 2005
Notice is hereby given that the Rate of Interest has been fixed at 5.5375% and that the interest payable on the relevant Interest Payment Date March 27, 1997 against Coupan No. 137 in respect of US\$10,000 nominal of the Notes will be US\$41.53.

U.S.\$350,000,000

Subordinated Floating Rate Notes Due August 14, 2011
Notice is hereby given that the Rate of Interest has been fixed at 5.625% and that the interest payable on the relevant Interest Payment Date May 30, 1997 against Coupon No. 43 in respect of US\$10,000 nominal of the Notes will be US\$142.19, and in respect of US\$250,000 nominal of the Notes will be US\$3,554.69. U.S.\$500,000,000

Subordinated Floating Rate Notes Due May 29, 1998
Notice is hereby given that the Rate of Interest has been fixed at
5.625% and that the interest poyable on the relevant Interest Payment
Date May 30, 1997 against Coupan No. 44 in respect of US\$10,000
nominal of the Notes will be US\$142.19, and in respect of
US\$250,000 nominal of the Notes will be US\$3,554.69.

February 28, 1997 By: Cilibank, N.A. (Corporate Agency & Truell, Agent Bank CITIBANCO

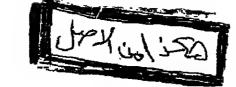
NOTICE TO HOLDERS OF THE CONVERTIBLE BONDS OF Unidea Corporation Yen 10.000,000,000 % per cent. Convertible Bonds due 1998 "Revision of the Conversion Price" Notice is hereby given pursuant to Condition 6(A) (iii) of the Convertible Bor

Yen 2,559.40 per Share Yen 2,048.00 per Share 3rd March, 1397 (Japan tim

The Chase Manhattan Corporation U.S.\$175,000,000 Floating Rate Subordinated Notes due 1997

Notice is hereby given that the Rate of Interest has been fixed at 5.75% and that the interest payable on the relevant Interest Payment Date May 30, 1997 against Coupon No. 46 in respect of US\$10,000 nominal of the Notes will be US\$145.35.





NEWS DIGEST ilt to close an car plant

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ringer up 15% in year

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Austria in stake sale

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COS AND FINANCE: EUROPE

MAN posts 27% first-half decline

printing and plant construction group, slid 27 per cent,

(\$47.4m), were in line with commercial vehicles market its forecasts and that it and a particularly strong ground in the second half. MAN booked several big Barnings for the current domestic contracts. year to end-June would be flat at around the year-ear-

to DM434. "The results were way below my expectations. but the saving grace was year." Effler, analyst at WestLB in

the increase came from systems had long-term plant construction MAN said.

cent because of a weaker operations commercial vehicles market in 1996-97.

optimistic about the second lier level of DM330m, it said. half. It said: "In view of our Analysts were disap- high order backlog and the sharply higher than last second quarter.

half, with orders tumbling 19 decline from last time.

New orders climbed 9 per per cent to DM931m. cent from DM10.1bn to a Demand remained weak. First-half net profits at a sharp rise in foreign printing sector, and orders demand. However, most of for newspaper printing systems had been delayed,

after a weakness at its printing subsidiary and a elump in the domestic market for commercial vehicles.

However, the group said

Tomestic sales fell 10 per predicted its printing projects which have not yet been booked, leaving only a pick up in the second nam, but the division would remain in the red for the full year. MAN had previously predicted its printing

The commercial vehicles division, MAN's biggest business unit, lifted orders 6 per cent to DM3.8bn in the balf-The group, however, was year, fuelled by foreign growth. The success of its updated range of trucks also contributed to the increase. pointed and the shares shed economic upturn, group Domestic orders were below DM8.50, or almost 2 per cent, sales and orders for the year-earlier levels, despite a whole of 1996-97 should be recovery in demand in the

Orders rose 1 per cent in the sharp rise in new MAN Roland, the printing diesel engines, while the orders," said Mr Thomas machine manufacturer, was plant construction division the black spot of the first registered a 1 per cent

China deal for Banco **Espírito**

By Peter Wise in Xian, China

Banco Espírito Santo (BES), one of Portugal's leading banks, has agreed on a partnership with China Everbright, China's second-largest financial group. The tie-up is designed to link China with overseas financial markets.

State-owned Everbright is to acquire 48 per cent of Banco Espírito Santo do Oriente, the wholly-owned BES operation based in the Portuguese enclave of Macao, partly with a view to developing a retail banking network in southern China.

Mr Ricardo Salgado Espírito Santo, BES president, said yesterday the bank also aimed to provide Everbright's corporate clients, which are mainly based in northern China, with a "gateway" for raising finance

He said the bank would also provide financial services for the wide range of Chinese industrial, energy, transport and agricultural companies in which Everbright owns assets, often in joint ventures with foreign

gal's President Jorge Sampaio on a state is to begin full production of electric transvisit to China. They arrived in the northern formers in Liaoyang in north-west China in city of Xian yesterday after visiting Beijing and Shenyang.

Mr Sampaio said he had won the support of Chinese leaders to develop Macao, which returns to Chinese rule in December 1999, as an economic and business link between



Jorge Sampaio: plans to develop Macao as a business link between China and Europe

Among other projects, Efacec, Portugal's Mr Espirito Santo is part of a top-level leading engineering company, is providing business delegation accompanying Portu-October, involving an initial investment of

> CPL Cimentos, a Portuguese cement producer, is holding final talks on setting up a \$60m cement plant in southern China. said Mr Augusto Mateu, Portugal's economy

> > Greek

Bidders set to submit offers in Cosmote sell-off \$110m

By Kerin Hope in Athens

Three international mobile telephony operatore -Orange of the UK, AirTouch of the US and Norway's Telenor - are expected to submit final bids today to set up and manage Greece's third cellular network in partnership with OTE, the state telecoms monopoly.

Bidders will offer a cash premium for a 30 per cent equity stake in Cosmote, the OTE mobile telephony subsidiary set up earlier this year. The company'e capital base is set at Dr50bn (\$190m) and another Dr50bn will be invested in the cellular network, which will introduce the DCS1800 eystem to

In a separate decision. OTE's board is supposed to decide today on the structure and timing of the second stage of its partial privatisation, following the flotation of 8 per cent of the company on the Athens stock exchange last March.

OTE officials are insisting that a capital increasa should accompany the planned sale of at least 10 per cent of the company. equally between the government and the company. The disposal of a 10-12 per cent equity trancha would raise about Dr260bn, according to

local analysts. partner "would be selected by mid-March with equipment tenders coming out immediately afterwards, so that we can have the network launched by the

Orange is said to have a slight edge in the bidding as the only shortlisted operator that has already set up a

bottler raises

image with fixed-wire sub-

Cosmote's network would

of mainland Greece and the

islands by 2001. The com-

pany is looking to capture a

The number of subscribers

to Greece's two GSM mobile

networks. Panafon and

century.

DCS1800 network. Its marketing and customer service know-how could also be

adapted to improve OTE's focus at first on Athens and Thessaloniki, the country's two largest cities, and would cover more than 80 per cent

Leventis group 30 per cent share of a cellu-lar market projected at 1.3m subscribers by the end of the

TeleStet, have doubled in the Express co-leading. past year, to 500,000, but this still represents a much lower penetration rate than in Italy and other western Mediterranean countries. Vodafone of the UK

recently raised its stake in Panafon to 50.5 per cent, indicating that Cosmote will face tough competition from the existing mobile operators. The other consortium partners are France Telecom and Intracom, the Greek telecoms equipment sup-

TeleStet is controlled by Italy'e Stet International, Nynex of the US and Interamerican, the Greek insurance group.

OTE was excluded from bidding for one of the two In the mobile project, a mobile telephony licences senior OTE official said the awarded in 1992 on the grounds that it could not provide the required quality of service.

However, Panafon and TeleStet have taken legal action against the government for breaking the sevenyear exclusivity included in their licences by allowing OTE to establish a cellular

Hellenic Bottling Company, the Coca-Cola franchieeholder for Greece, Bulgaria, Armenia and part of the former Yugoslavia, bas raised \$110m in an international syndicated loan. The loan is to finance investments in astern Europe. HBC, listed in Athens, is

part of the Cypriot-owned

The loan is the first international syndication for a Greek private sector company. Alpha Credit Bank of Greece acted as senior lead manager, with Citibank. NatWest, Bank of America, Lloyds Bank and American

The five-year syndicated loan was heavily oversubscribed. Its interest rate is Libor plus 67 basis points. with a one-year moratorium before repayment in four

HBC said vesterday it had agreed to pay 84m dinars (\$15.5m) for 68 per cent of IBP Beograd, the laading soft drinks bottler in Serbia, and will spend a further \$24m this year in boosting capacity at the plant and improving distribution.

HBC is also about to acquire a 51 per cent stake in Pivara Skopie, the Macedonian beer and soft drinks producer, through a joint venture with Athenian Brewery, the Heineken affiliate in Greece. It intends to spend \$20m on the acquisition and upgrading.

In addition, it will participate in the Leventis group's plans to build bottling plants in the former Soviet Union, through its stake in Molino, a Luxembourgbased Leventis company. HBC is listed on the

Athens stock exchange.

Listening to You, Building Tomorrow — Matsushita Electric PANASONIC RAISES THE CURTAIN ON A NEW ERA IN MULTIMEDIA HOME ENTERTAINMEN DVD/ VIDEO CD/CD PLAYER

> Experience the future with the Ponosonic DVD Player. Providing the ultimate in picture and sound quality, the DVD-A100 plays 12cm discs that look identical to audio CDs, but store 8.5 GB* of dataenough copocity for two feature films (four hours total)—as well as Video CDs and oudio CDs.

> Ponosonic is a brand name of Matsushita Electric, a global electronics giant. Our vost R&D capabilities in the areas of laser pickups and optical discs, combined with our years of experience as a leading innovator of advanced audio and video products, are proving instrumental to the development of this exciting new field. Not only ore we introducing DVD players to markets around the globe, we are also promoting the development of DVD software, outhoring, mostering and replicating the discs themselves, and monufacturing production equipment for the entire industry.

And of Matsushita Electric, we are currently in the process of developing o wide array of other DVD-based applications for the home business and industry, expanding the potential of this exciting new digital medium for beyond the living room.

> **Matsushita Electric** Panasonic/Technics

> > *8 5 GB capacity refers to dual-lover DVDs - Single-layer DVDs have a 4 7 GB capacity

Exports help Bridgestone climb 21%

By Jonathan Annells in Tokvo

Bridgestone, the world's biggest manufacturer of tyres, posted a strong rise in full-year earnings as a result of a 80 per cent rise in export aales volume, tha yen'a depreciation against the dollar and an improvement in cost competitiveness.

The company said parent company recurring profits for the year to December hefore extraordinary items and tax - rose 21 per cent to Y93bn (\$762m), on a 9.2 per cent rise in sales to Y722bn. Net profits jumped 37.6 per cent to Y44.4bn. The annual dividend is to be increased by Y1 to Y13.

Consolidated recurring profits rose 38.6 per cent to Y136bn, on a 16.1 per cent rise in sales to Y1,958bn. Net profits jumped 29.9 per cent to Y70bn. The company had ated value of export earnings forecast recurring profits of Y120bn on sales of Y1,750bn than 53 per cent of total Mr Takehiko Suzuki, absolute increasa in sales



BRIDGESTONE

pany made Y17bn in foreign

Bridgestone, which owns Firestone of the US, aaid that while the yen's weakness had boosted the repatri- which account for more income - there had been an

board director, said the com- volume, helped hy aggressive marketing.

The company also reaped the benefits of improved competitiveness in its core tyremaking operations, which account for 77 per cent of total sales. "We have reduced production costs substantially. Over the last three years, [they] are over

Tyre sales grew 11 per cent increased demand for stuyear-on-yaar to Y552bn, helped hy a 30 per cent increase in export sales, with particularly strong growth in Middle Eastern markets. where sales ballooned by 70

relative to the Tokyo SE

In the domestic market, tyre sales grew 2 per cent. tic vehicle production and \$13bn of \$68bn in tyre sales worldwide, according to Crain Communications. Bridgestone said it would

continna its aggressive approach to promotional activities this year by sponsoring five Formula One racing teams.

However, parent company sales are forecast to show only a marginal 0.4 per cent improvement to Y725bn, as export growth levels off and domestic production dips by 1.8 per cent, tracking an expected decline in vehicle production.

The sales forecast is likely to be exceeded, as the company has used a conservative exchange rate of Y105 to the dollar in its 1997 business plan. However, profits may be squeezed by higher prices for natural rubber and

rising depreciation costs. Bridgestone is forecasting consolidated recurring profits of Y170hn in 1997, and net earnings of Y80bn, on esti-

cent of total revenues,

up from 6 per cent in 1995. Another tariff rebalancing is

not expected this year, ana-

Ambitious plans by com-

petitors for fixed line and

mobila services this year

look likely to detract from

Telekom'a earnings growth

lysts said

ASIA-PACIFIC NEWS DIGEST

HK gas supplier rises 19% in year

Hong Kong and China Gas, Hong Kong's monopoly supplier of piped gas, yesterday reported a rise of 19 per cent in net profits to HE\$1.95bn (US\$252m) last year. The increase was in line with market expectations. The company, which is around one-third owned by Mr Lee Shau-kee's Henderson Investments, saw turnover rise 12.9 per cent to HK\$4.8bn.

There was a further deceleration in the rate of new meter installations, with 61,543 customers added over the year. in 1995 the number of meter installations had dropped to 65,911 from an average 70,000 a year over the

previous five years. Earnings per share improved 18.2 per cent, from 55 cents in 1995 (adjusted for the one-for-five bonus share issue) to 65 cents in 1996. The dividend is to be held at 23 cents, and will again be supplemented with a one-for-five Louise Lucas, Hong Kong

Daewoo advances 3%

Daewoo Electronics, South Korea's third largest electronics company, reported a 3 per cent rise in net profits in 1996 to Won48.5bn (\$56m), reflecting tough competition at home. Sales climbed 14 per cent to Won3,570bn, as exports of consumer electronics products, such as televisions and refrigerators, rose 25 per cent.

However, domestic sales fell 7 per cent in a atagnant market. Earnings were squeezed by a prics war with Korea's other two big electronics companies, Samsung John Burton, Seou

Toshiba turns to LSI chips

Toshiba, the Japanese consumer electronics to power engineering conglomerate, is investing Y100bn (\$819m) over the next few years to convert a memory chip manufacturing line in Japan into a production line for system LSI chips, which are expected to coma into wider demand with the spread of multimedia. The move reflects tha growing shift of Japanese companies away from memory chips.

System LSI chips, which combine the functions of memory chips, microprocessors, microcontrollers and others on one chip, are increasingly in demand as the spread of multimedia and portability calls for fewer, faster and more cost-efficient semiconductors. System LSI chips are used in high performance machines such as workstations.

Toshiba aims to start production of system LSIs on its new line in the autumn. Initially, the line will produce 100,000 chips a month. But production will increase to 1m Michiyo Nakamoto, Tokyo chips a month by 2000.

Red chip raises HK\$1.27bn

Guangzhou Investment Company yesterday became the latest red chip, or China-backed business, to tap the Hong Kong stock market for cash. The group, whose activities span infrastructure, property and manufacturing, raised HK\$1.27bn (US\$164m) in a share placement.

Shares were placed at HK\$3.98, representing a 4.1 per ent discount to yesterday's closing price of HK\$4.15. The company issued 330m shares in the exercise, arranged by Peregrine Capital. The funds raised will be used to acquire hotels in Guangzhou in southern China.

BankWest set to disappoint

Newcrest in securitisation of mine stake

By Nikki Tait in Sydney

Newcrest, the Australian goldmining group, yesterday securitised its 11.9 per cent holding in Normandy Mining, through a complex "equity for gold" swap arrangement with ANZ

It also took a A\$134.7m (US\$104.6m) write-off in respect of the holding - held in its books at A\$470m - in its half-year results to end-December, although this charge was more than offset by A\$142.4m of abnormal gold hedging profits. Newcrest's after-tax profits for the slx months were A\$15.8m, against A\$12m.

Under the deal, Newcrest is selling the 192.7m shares to ANZ at an effective price of A\$1.75 each, or A\$337.3m in total. In return, it receives the equivalent value of gold - about 740,000 ounces at current spot prices. Soma A\$95.6m of this was

delivered yesterday, although the final A\$33m will be receivable, with interest, only in November. ANZ becomes the beneficial owner of the Normandy

may repurchase all or part of them. After this period, Newcrest will either pay or receive an "adjusting amount", comprising the net change in the market price of the Normandy stake and

the value of the gold in the swap. Newcrest added yesterday it bad bought gold call options to manage the gold price exposure in the transaction. The swap effectively allows Newcrest to raise cash against the holding for

mine development, by selling the gold received. The group said about A\$200m of the A\$397.3m proceeds would go to repay loans taken out when the Normandy stake was purchased, and that net cash raised would be A\$128.6m. The remaining A\$9m goes on the cost of the call options, ANZ's fee, and stamp duty. The deal came as Newcrest

posted a fall in profit before tax and abnormals to A\$8.5m in the half-year, compared with A\$21.7m a yaar ago. After tax and abnormal ASI5.8m. compared with

Telekom Malaysia ahead 19% tive, said Telekom planned the new international air-

Telekom Malayaia, the country's former telecoms monopoly, announced a 19.4 per cent increase in net profit to M\$1.88bn (\$756m) last year, having weathered increased competition better than industry analysts thought possible.

Operating revenue rose 22.2 per cent to M\$6.42bn. while pre-tax profit was up 23.5 per cent at M\$2.38bn. Earnings per share rose 19.2 per cent to 94.3 Malaysian

Mohamed Mobamed Ali, chief execu-

at least M\$3bn in capital port. expenditure in 1997, compared with the M\$2.3bn spent in 1996. Most of the money will go on upgrading the company's fixed-line network, the area in which it faces the stiffest competition from five new competitors. Mr Said did not expect to have to call on the market this year either through

He said there had been no decisioo on when the company would start building the infrastructure for Malaysia'a 'multimedia super-cor-Said ridor", a 750 sq km zone Local call charges, which fexecubetween Kuala Lumpur and were raised in the rebalanc-

equity or bonds.

However, Mr Said said the

dless snow tyres, following

new restrictions on the use

of studded tyres on public

Last year Bridgestone

overtook Michelin of France

for the first time to rank as

the world'a largest manufac-

turer of tyres according to

volume of sales. Goodyear of

the US was placed third. The

"backbooe" - a 2.5 gigabit fibre optic cable - should be laid by the time Dr Mahathir Mohamad, prime minister, is scheduled to move his office to Putrajaya, the planned administrative capital, in September 1998. The contribution of inter-

national dialling calls to total revenues fell from 20 per cent in 1995 to 17 per cent last year, reflecting the decrease in IDD charges in a tariff rebalancing in June 1996.

the shortfall.

this year. However, the competition could mean that Telekom's smaller competitors find the going increasingly tough and aeek to

merge with rivals or with Telekom itself. Mr Said said the company was open to future mergers with current

Sampoerna rise disappoints By Manuela Saragosa in sales volumes, following accounted for two-thirds of also by competition from

Mandala Sampoerna, the Indonesian clove cigarette producer. disappointed investors hy announcing a rise in fullyear net income of only 11.5 per cent in 1996, lower than the increase it forecast in November.

The company said the lower-than-projected result was caused by foreign exchange losses and unexpectedly charges, profits stood at high losses from international operations. However. shares but, at any time over A\$12m previously.

the increase in excise taxes, also depressed earnings. Net income in 1996 was

Rp394bn (\$165m), 6.8 per cent lower than the projection of Rp423bn. In 1995, HM Sampoerna's net income was Rp353bn. Kasih, HM Sampoerna chief

financial officer, said the company suffered \$10m in foreign exchange losses. while losses at Sampoerna's international division were \$3m more than the \$10m anticipated. analysts said lower growth Mr Kaslb said this steep increase in prices, but Rp803bn in 1998.

year before, but in the

HM Sampoerna sold

22.19bn cigarette units in

1996, up from 17.79bn the

fourth quarter of last year, sales of its machine-rolled "A Mild" cigarettes dipped Ekadharmajanto 28 per cenl from the previous quarter. That compares with 88 per cent year-onyear growth in volume sales for "A Mild" seen in the first half.

Analysts say this fall was caused by a rise in excise tax charges which led to a total Rp528bn, rising

"LA Lights", a brand mannfactured by clove cigarette producer Diarum and launched in the second half of last year.

Concerns about loss of market share for a company changing from a high-margin hand-rolled cigarette producer to a low-margin macbine-rolled producer caused HM Sampoerna shares to close 7.3 per cent lower at Rp13,300.

HM Sampoerna said it expects 1997 net income to

BankWest, the Perth based regional bank which is 51 per cent controlled by Bank of Scotland and 49 per cent listed on the Australian stock exchange, said its profit for the year to February 28 is likely to be around 5 per cent less than the prospectus forecast at its public offering in January 1996. After-tax profits were forecast at A5100.2m (US\$77.8m). It said it still anticipates the total dividend will be in line with the prospectus forecast of 16.5 cents.

Nikki Tait, Sydne

U.S. \$125,000,000



Floating Rate Subordinated Notes Due 1998

Interest Rate Interest Period

5.55% per annum 28th February 1997

Interest Amount per U.S. \$50,000 Note due 30th May 1997

U.S. \$701.46

Credit Suisse First Boston (Europe) Ltd.

U.S. \$250,000,000



Subordinated Floating Rate Notes Due 2001

Interest Rate

5.625% per annum

Interest Period

30th May 1997

Credit Suisse First Boston (Europe) Ltd.

U.S. \$50,000 Note due

28th February 1997 30th May 1997

U.S. \$710.94

U.S. \$300,000,000

Scotiabank THE BANK OF NOVA SCOTIA

Floating Rate Subordinated Capital Debentures Due 2085

Interest Rate

5.75% p.a.

Interest Period

28th Fabruary 1997 29th August 1997

Interest Amount due 29th August 1997 per U.S. \$ 10,000 Debenture U.S. \$ 290.69 per U.S. \$100,000 Debenture U.S. \$2,906.90

Credit Suisse First Boston (Europe) Ltd.

COMMERCIAL UNION PRIVILEGE PORTFOLIO SICAV Registered Office:

> Galerie Kons. 26 piace de la Gare, 4th floor, L-1616 LUXEMBOURG R.C. Luxembourg B32640

DIVIDEND ANNOUNCEMENT

Commercial Union Privilege Portfollo announce an interim dividend distribution payable 28th February 1997 for the following funds: Deutschmark Reserve 0.12239 DM no dividend distri Sterling Reserve US Dollar Reserve 0.024699 GaP 0.22859 USD Coupon no 13 Pesera Bond 10.31 PTA Coupon no 12 Dividends are payable to holders of bearer shares against presentation of the

sembourg: CHASE MANHATTAN BANK Luxembourg S.A. 5. rue Plaetis L-2338 LUXEMBOURG

BANK VAN AREDA & Co

mercial Union Privilege Portfolio SICAV



US\$ 150,000,000 Floating Rate Subordinated Debentures due 2087

In accordance with the provisions of the Debentures, notice is hereby given that for the six month interest period from February 28, 1997 to August 29, 1997 the Debentures will carry an Interest Rate of 3.59375 % per annum, adjusted in accordance with a notice published on March 27, 1996. The Interest payable on the relevant Interest Payment

for Debentures of US\$ 10,000 nominel and US\$ 1,616.80 for Debentures of US\$ 100,000



HARKEN ENERGY CORPORATION NOTICE OF ACHIEVING 30 DAYS

> MARKET PRICE CRITERIA US \$40,000,000 OF 6.5% SENIOR

CONVERTIBLE NOTES DUE 2000 February 28, 1997

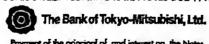
Notice is hereby given that effective February 7, 1997, Harken Energy Corporation (the "Company"), a Delaware corporation, had completed thirty (30) consecutive calendar days in which the closing market price of the Company's \$,01 par value common stock (the "Common Stock") which is traded on the American Stock Exchange, Inc., equaled or exceeded for each Stock Exchange Business Day during such period, 135% of the Conversion Price of \$2.50 per share, as set forth under the terms of the US \$40,000,000 of 6.5% Senior Convertible Notes Due 2000 (the "Notes"), which were issued by the Company on July 30, 1996. At any time after July 30, 1997, the Company may require the Notcholders to convert all of such Notes to

This is not a notice of mandatory conversion of the Notes, but only notice that the Company has met the criteria necessary for it to call for mat conversion of the Notes after July 30, 1997.

BTM (Curação) Holdings N.V. (formerly Bank of Tokyo (Curação) Holding N.V.) U.S. \$100,000,000 GUARANTEED FLOATING RATE NOTES DUE 1997

Payment of the principal of, and interest on, the Notes is unconditionally augrenteed by The Bank of Tokyo-Mitsubishi, Ltd.

February 28, 1997, Landon By. Celassik, N.A. (Corporate Agency and Trust), Agent Bank, CTTIBANK®



(Kobushili Kaisha Mirubishi Ginko) (formerly The Bank of Tokyo, U.C.) ormarly Kabushili Kaisha Tokya Ginko)

Iformary Kabushkii Karsha Tokya Umray
In accordance with the provisions of the Agent Bank Agreement between Bank of Tokya (Curacoa) Holding N.Y., The Bank of Tokya, Ld., and Cilibank, N.A., dated November 27,1785, notice is hereby given that the Rate of Interest has been fixed at 5.7%, p.a. and that the interest payable on the relevant Interest Payme May 30, 1997, against Coupan No. 46 will be US\$144.08.

(Incorporated in Hong Kong) U.S.\$100,000,000 GUARANTEED FLOATING RATE NOTES DUE 1997 THE BANK OF YOKOHAMA, L (Incorporated in Japan)

YOKOHAMA ASIA LIMITED

Notice is hereby given that the Rate of Interest has been fixed at 5.75% per annum and that the interest has been fixed at 5.75% per annum and that the interest payable on the relevent interest Paymant Date May 30, 1997 against Coupon No. 47 in respect of US\$10,000 nominal of the Notes will be US\$145.35 and in respect of US\$250,000 nominal of the notes will be US\$3,633.68.

February 28, 1997, London By: Cathenic, N.A. (Corporate Agency & Trost), Agent Benk, CTTIBANCO

ofice of Adjustment to Conversion Price

DAEWOO Orion Electric Co., Ltd.

Notice is hereby given to the Bondholders that, upon approval by the general meeting of chareholders to be held an March 14, 197 of a dividend in stares to the attackholders registered on December 31, 1995, the Conversion Price per Common Shape has been adjusted from Won 26,478 to Won 26,176 with retrocasive effect front January 1, 1937, pursuant to the provisions of the respective Trust Deed constituting the Bonds. The Chase Manhattan Bank for and on behalf of Orion Electric Co., Ltd. CHASE

National Westminster Bank (Incorporated in England with limited liability) US\$ 500,000,000 Primary Capital FRNs (Series "C")

In accordance with the Terms and Conditions of the Notes,

notice is hereby given that for the Interest Period from February 28, 1997 to May 30, 1997 the Notes will carry an Interest Rate of 5.625% per annum. The interest payable on the relevant Interest Payment Date, May 30, 1997 against coupon No. 46 will be US\$ 142.19 per US\$ 10,000 principal amount of Note and US\$ 1,421.88 per

US\$ 100,000 principal amount of Note.

Kredietbank S.A. Luxembourgeoise



Den norske Bank

U.S.\$200,000,000 Primary Capital Perpetual Floating Rate Notes

(SECOND SERES) In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from February 28, 1997 to August 29, 1997 the Notes will carry an interest Rate of 5.775% p.a. and the Coupon Amount per U.S.\$100,000 will be U.S.\$291,98 and per U.S.\$100,000 will be

February 28, 1997, London By: Okthank, N.A. (Corporate Agency and trust), Agent Bank CTTIBANCO

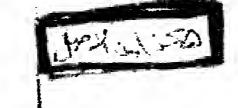


Den norske Bank

Primary Capital Perpetual Floating Rate Notes

In accordance with the provisions of the Notes, notice is hereby given that for the interest Period from February 28, 1997 to May 30, 1997 the Notes will carry an Interest Rate of 5.75% p.s. and the Coupon Amount per U.S.\$10,000 will be

February 28, 1997, Lendon By: Celbank, N.A. (Carporate Agestry and Trust), Agent Bank. CITIBANCO



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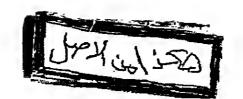
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EWS DIGEST

OE (5 per barrel) ADR price (5)



COMPANIES AND FINANCE: INTERNATIONAL

courtroom struggle

It looks like a typical corporate legal wrangle; lawyers souring points across a Sydney courtroom, wit-nesses being quizzed about confidential letters, dealmaking documents being offered as evidence.

But the implications of a

legal challenge by Seven Network, the Australian media group run by Mr Kerry Stokes, against the other shareholders in Optus Vision, one of Australia's two pay-TV suppliers, have spread beyond Court 11c.

First, the case has caused a A\$4bn (US\$3.1bn) flotation of Optus Communications. Australia's second telecommunications carrier, to be put on hold. Secondly, it has undermined shares of Mayne Nickless, the transport company which has the largest single stake in Optus with 24.9 per cent.

release of Optus' half-year results, so that the group's shareholders - including Cable and Wireless of the UK and BellSouth of the US - can assess the untidy situation.

All this is a window on the hyzantine, lawyer-ridden world of Australian pay-TV, which even Mr Rupert Murdoch; the media magnate, recently confessed he did not understand.

The three-year-old indusoperators. One is Foxtel, 2 toint venture between Mr Mardoch's News Corporation and Telstra, the large government-owned telecoms group. The other is Optus Vision, currently owned by Optus Communications, US West the US telecoms group), Mr Kerry Packer's Publishing & Broadcasting

group, and Seven. These consortia are laying rival cahle networks and battling for programming rights, notably in the sports sector, as well as for sub-

Last year, Australis Media,

are confirmed et

FF 28.9 billion.

up by 14.4% over

1995, 2.5 points

of which are relat-

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Mayne Nickless slides

Profits at Mayne Nickless, the Australian transport and healthcare group, fell to A\$43.1m (US\$33.5m), after tax and abnormal itams, in the six months to December 29, down from A\$50.1m in the same period a year ago, writes Nikki Tatt. Sales were 6.3 per cent lower at A\$1.38bn. The group said the result reflected restructuring in its contract logistics and express delivery divisions. Pre-tax profits from the former were static at A\$38m, while the latter dipped from A\$29.1m to A\$24.7m. The expanding healthcare division advanced from A\$29.8m a year ago to A\$44.1m. The com-pany added that its changing husiness make-up meant less bias towards the first half. Mayne also revealed first-half figures from Optus Communications, the telecoms group in which it has a 24.9 per cent interest. Optus' revenues rose 32 per cent to A\$1.19bn in the six months to end-December, while profits before tax were A\$59m, up from A\$7m last time. Earnings before interest, tax, depreciation and amortisation were 63 per cent higher, at A\$309m.

PBL came to the rescue and engineered a deal on the satellite front between Aus-Finally, this week it tralis and Optus Vision. As a prompted a delay in the reward. PBL was given reward, PBL was given options which could allow it to increase its holding in Optus Vision from 5 to 33

> But Seven, which owns only 2 per cent of OV, alleges the deal was done without its knowledge, and claims that, by going behind its back, the other OV investors breached the original OV shareholders' agreement.

If this is true, there is a clause stipulating that Seven should be allowed to buy out try comprises two main the other investors at a discount, under a pre-determined formula. According to some calculations, the price for the other 98 per cent of OV could be about A\$700m, or just over half the monies invested in it to date.

Optus' lawyers reply that there were good competitive reasons for oot consulting with Seveo - in particular, Mr Stokes' "substantial" relationship with News, which holds a stake in the Perth-based group. There is also disagreement over the various valuations put on

For Optus, and for Mayne a third, smaller group which Nickless, this legal brouhaha held a valvable satellite has been unwelcome. Optus,

broadcasting licence, got having already delayed its into financial difficulties. stockmarket listing because stockmarket listing because of management changes. hoped to get the float behind it last year. However, the uncertainty surrounding Optus Vision - in which it bolds a 46.5 per cent stake and whose cables are scheduled to carry Optus' local telephooy service - means

> Unless there is a speedy resolution, Optus could face the task of selling stock to investors just as full dereguletion of the telecoms market in Australia gets under way. And if the legal proceedings are really prolonged, Optus could collide with the much larger A\$8bn

listing plans are on hold.

Mayne, meanwhile, is keen to expand its healthcare and logistics businesses. It had planned to sell off its Optus stake as part of the flotation, thus raising vital funds, Instead it has seen debt rise.

partial privatisation of Tel-

Yesterday the company said it was looking at alternative means of selling its have the deal done by June or July. "I've oo doubt if we do not exit Optus [by theo] it grow the husiness," said Mr Boh Dalziel, managing direc-

In Court 11c, the case con-

Optus hampered by Tamsa steels itself for low prices

The Mexican pipe maker is limiting expansion in spite of robust 1996 profits

mpressive full-year results from Tamsa. announced oo Wednesday, indicated that the Mexican steel pipe company is benefiting from its drive to

expand exports.

Tubos de Acero de México. one of Mexico's largest companies, has in the past few years been working to rely less on its biggest client. Petróleos Mexicanos (Pemex), the state oil group. It now exports its seamless steel pipe to 40 countries.

Record exports and a doubling of sales in the high margin domestic petroleum sector belped it announce a 37 per cent increase in 1996 sales from the year before, to 5.08bn pesos (\$653m); and a 72 per cent jump in operating profits, to 1.52ho pesos.

However, in epite of relentless efforts to produce more specialised pipes, the company remains vulnerable to changes in international prices. Price concerns have caused it to under perform the Mexican stock market hy 10 per cent in 1997.

Mr Shayne McGuire, an analyst at Deutsche Morgan Grenfell in Mexico City, said: "Sales showed extraordinary growth because the company had excess supply, but that also affected margins, which were significantly lower than expected."

Pourth-quarter saies improved 43.7 per cent to 1.4bn pesos, compared with the same period in 1995. Operating profits jumped 52.4 per cent to 372m pesos. For the year as a whole,

Tamsa announced net profits of 1.67bn pesos, a tenfold increase; while oet profits for the quarter were 285m

pesos, against a 200m peso loss before. Although Tamsa is based

in Veracruz, Mexico's largest port, the company has focused on the domestic market and Pemer for years. Pemex used to be such an indulgent cilent that it would leave unused some 20 per cent of its annual purchases, and sell the pipes back to Tamsa for scrap, at reduced prices.

But Pemex began to slow its expansion after the oil glut of the early 1980s and Tamsa's saies stagnated. However, they received a boost in the early 1990s, when the founding Rocca family took control again. It slashed the company's workforce from 4,600 to 2,300 employees and focused more on international trade.

Tamsa benefited when the government renewed investment in the oil sector after Although sales to the Mexicao petroleum sector account for only 18 per cent of volume, they generate 30 per cent of revenues.

The higher margins in Mexico are partly because Tamsa now handles Pemex's pipe inventory, and partly because the Mexican industry drills exceptionally deeply for oil, requiring more expensive, more resis-

Pemex's investment drive, 600,000 tonne facilitles. Totalling some \$6bn for the present year, it is set to continue in the medium term. But the international mar-

ket has been afflicted by persistent rumours that the weaker yen and the uncertain state of the Japanese the market, why should we national prices. Officials

want to increase capacity so steelmakers to export pipes much?"

out of cash flow, which was prices down. That possibility restrains Tamsa's plans. They are limited to a two-year \$65m investment plan, to improve quality and eliminate bottle-It should benefit from necks in the company's

although Tamsa operates at 100 per cent capacity. Gerardo Varela chief financial officer, asked: "If

more aggressively, pushing

the possibility exists that the Japanese companies should increase their presence in the feared downturn in inter-

point out that more than 55 per ceot of exports are of The investment will come alloy steel grade pipe, a

Tamsa's most promising 1.89bn pesos in 1996, and is market is decied it. expected to be the same this Although it is relatively 'It is as if our competitors close to the oil wells of do oot have debt, since inter-Texas, anti-dumping duties levies have shut it off from est rates are so low in their

the US market. countries. So for the eod of Tamsa is plaoning to the year, we too expect to appeal this summer. But its have virtually no debt," said executives complain that for Mr Varela. them, the North American Tamsa hopes that its speci-Free Trade Agreement might alised products will maintain its margins, in spite of as well oot exist.

Daniel Dombey

Strong dollar hurts Kia Motors results

By John Burton in Secut

which continued to

pursue lts objecti-

ves. CGIP became

Valeo's largest

shareholder with

20% of share capi-

ral, while the Caisse

des Dépôts et Consi-

gnatioos (GDC)

increased its share-

Optus holding and intends to Kia Motors, South Korea'a second largest carmaker, reported a 39 per cent fall in net profits for 1996 to Woo7ho (\$8m), because of foreign will inhibit our ability to exchange losses and industrial unrest. However, sales rose 16 per cent to Won6,610bn.

Kia blamed the fall of the woo against the US dollar for currency

cominated debt. Strikes last spring which disrupted production for several weeks also affected earnings.

Sales rose 8 per cent by volume to 770.147 cars. But domestic sales increased only 1 per cent to 447,213 cars, because of tough competitioo in a market that is stagnating.

Exports were up 19 per cent to 322,934 vehicles, including shipments of the Sephia to Indonesia, where it losses of Won19bn on its dollar-de- is sold under the local Timor badge.

Kia Motors has set its 1997 sales target at Won8, or 950,000 cars. including exports of 410,000 vehicles. Analysts believe it might be difficult to meet this goal.

ted to remain stagnant or even to decline, while exports could be hurt as the weak yen benefits Japanese carmakers at Koreans' expense.

Total domestic car sales are expec-

In response to sluggish sales at effort to boost foreign sales to home. Kia is planning to hulld a 800,000 vehicles by then.

oetwork of assembly plants in Asia and produce a new small Asian car, based on its Sephia or Pride models.

more expensive product.

It is planning to establish component plants in Thailand, the Philippioes, Malaysia, India and Iran. It inteods to increase overseas production from 70,000 vehicles last year to 520,000 cars by 2001, including Egypt, Brazil, Russia and Poland, in an

Valeo

STRONG RISE IN VALEO'S RESULTS IN 1996

V alec's Board of Directors meeting oo February 25, 1997 closed the Group's

Other significant events 1996: The sale of Cerus' 27.4% stake in Valeo was concluded in November 1998, without causing any disruption to the Group

% change In FF millions 28,230 + 14.4% 28.870 Sales 5,765 4.955 + 18,3% Corres manion + 35.7% Operating income 1,363 1.949 + 37.4% 1.080 Income before tax 1,484 Net income after + 19.8% 1.200 1.010 minority interests (% sales) 2,550 + 18.5°% 3,021 Cash flow Capital expanditures 2,118 + 9.7% Stockholders' equity

holding to cearly 7%. The Group thus has the shareholding structure necessary to deve-10,000 + 5.6% lop its strategy as 171 673 supplier. rose by 19% over 1995, while aftermarket sales increased by 6%.

Cross margin was up by 16.3% and operating income by 35.7%. Income before tax stands et FF 1,494 million, up by 37.4% over the previous year. This increase would have been 59.9%, excluding the extraordinary cepital gain of FF.146 million made in 1995.

#At end 1996, the Group's Stockholders' equity

EDividend 1996: An extraordinary dividend was paid out on November 18, 1996 amounting to 10 francs oet per share, 15 francs including tax credit. The General Meeting of Shareholders will be asked to approve an additional divideod of 2 francs per share, that is 3 francs including tax credit. The total dividend paid out by Valeo for 1996 would therefore be 12 francs (19 francs including nting an extraordinary pay-out

an independent As in previous years Valeo's sales io Europe, North and South America and in Asia outperformed automotive output in these areas making 1998 another growth year for

Through e volume effect and productivity

To eccelerate its evolution. Valeo ectively managed its portfolio of activities by strengthening its presence in fast expanding markets such as air conditioning through stakes ecquired in the Czech company KSA and in the Argentine group I Tevere/Mirgor, or security systems with the purchase of Fist SpA and the lock systems activity of Ymos AG. Non-strategic businesses

Cotlook 1997: At the start of 1997 the eutomotive market looks set to stay at the present high level in Europe, North America and Asia but should be more active in South America. Group objectives for the coming year remain focused on dynamic growth based on cost reduction, quality improvement, innovation and globalization.

coosolidated financial statements for 1996. E Results 1996: Consolidated sales

at 12/31 Net indebtedness

■Net income after minority interests increased by 18.8% to FF 1,200 million, that is 4.2% of

rose to FF 10,556 million after the payment of an extraordinary dividend of FF 700 million. Net indebtedness stood et FF 673 million, that is 8% of equity:

gains, Group Branches showed that they were capable of cutting costs and offering their customers competinive producta.

SHARBHOUDER INFORMATION - VALEO : 43, RUE BAXEN - 75017 PARIS - FRANCE

NOTICE TO HOLDERS OF THE CONVERTIBLE SONOS OF **Uniden Corporation** Yen 10,000,000,000 X per cent. Convertible Books dee 1998 Revision of the Convec

Notice is hereby given pursuent to Condition B(A) (B) of the Convertible Bonds that the Conversion Price of the Captioned Convertible Bonds will be revised

'Yen 2,048,00 per Shere 3rd Merch, 1997 (Japan time)

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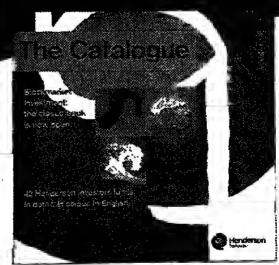
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Shareholders in Murray Universal are hereby sovised that starting 1st April 1997, the aggregate fee payable to the Investment Adviser shall be increased from 1.00 per cent normalism aurest size to allogate from 1.00 per cent to 1.25 per cent of the everage Net Asset Value of each Portfolio to be determined at the and of each month during each calendar quarter in accordance with the Articles.

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Den norske Bank

Schering upbeat as drugs sector surges

Schering-Plough, the US drugs company, yesterday predicted etrong financial results in 1997, underpinning the bullish mood in the US pharmaceuticals industry.

Mr Richard Jay Kogan, president and chief executive officer, said he expected "another year of good earnings growth, with the percentage increase for earnings per share around the low to mid teens".

This year, US pharmaceutical stocks are up 13 per cent compared with an 8 per cent rise in the Stan- 1996."

to produce earnings growth of about 15 per cent this year, when slow economic growth has made it increase earnings substantially.

Right now, demand and underlying business trends for many of the major pharmaceutical companies are quite positive," said Mr Ken Kulju, pharmaceuticals analyst at UBS Securities. "Earnings estimates have been steadily ratcheting up since the second half of

Ona reason is the more rapid and chief executive, yesterday. expect pharmaceuticals companies flow of new products. Last year, a record of more than 50 new drugs were approved for marketing by the US Food and Drug Administradifficult for most companies to tion, nearly twice the number the previous year. This is partly the result of political pressure on the regulatory authority to speed up

> for critical illnesses such as Aids. In the past two years Merck has "introduced eight new medicines,

Companies are investing more than evar in developing new drugs. Schering Plough said yesterday it

would increase its research and development spending by 12 per cent to a record \$810m this year. Others are spending even more: Pfizer's budget is up 20 per cent to a record \$2bn.

approval of urgently needed drugs Furthermore, according to Mr Jerome Brimeyer, managing . hill," said Mr Kulju. The growth is director at Lehman Brothers, signalled by the fact that compaall representing significant new drug discovery processes such advances in patient care", said as compound ecreening "will their sales for Mr Raymond Gilmartin, chairman hasten the drug discovery process strong demand.

While managed healthcare companies have managed to subdue drug prics inflation - to less than 2 per cent in 1996, according to pharmaceuticals information company IMS - sales volume has risen rap-

"Maneged care companies are seeing value in writing a prescription rather than paying a hospital nies such as Pfizer are expanding their sales forces to cope with

AMERICAS NEWS DIGEST

Nortel names Roth as chief

Northern Telecom has named Mr John Roth chief executive, replacing Mr Jean Monty, who has led a turnround at the Toronto-based telecommunications equipment supplier over the past five years. Mr Monty, 49, will return in October to an unspecified position at BCE, Nortel's parent and Canada'e biggest publicly-traded company. He is strongly favoured to take over from Mr Red Wilson, current BCE chief executive, who is nearing

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75.

Mr Monty is expected to spearhead a drive by BCE to expand its international horizons through acquisitions and joint ventures. Through a subsidiary, Bell Canada International, BCE recently acquired a 14.2 per cent stake in Cable and Wireless Communications, the UK-based group created through the merger of Mercury Communications and three other telecom companies.

Mr Monty has worked for BCE for 23 years. Before moving to Nortel, he was chief executive of wholly-owned moving to Norter, he was ther executed telephone Bell Canada, the country's biggest local telephone company. Mr Roth, 54, is currently Nortel chief operating officer. An electrical engineer, he joined the company in 1969 and spearheaded its entry into the wireless business

Nortel shares, which have more than tripled in the past four years to a peak of C\$104.50, lost C\$1 to C\$98 in Toronto in early trading.

Bernard Senon, Toronto

Bell Canada is forecasting a 19 per cent gain in 1997

operating earnings to C\$850m (US\$632m), up from C\$714m

operating earnings to C\$850m (US\$632m), up from C\$714m Bernard Simon, Toronto on revenues of C\$8.7bn in 1996. The utility is entering the third year of a restructuring that will cut the workforce by 10,000, or 25 per cent.

Telebrás headline result up

Telebrás, the Brazilian government-controlled telecommunications holding company, yesterday releases headline results for 1996 showing net profits at R\$3.25hn (US\$3.09bn), up from R\$1.18bn in 1995. Consolidated profits rose from R\$816m to R\$2.76bn, and earnings per 1,000 shares rose from R\$3.82 to R\$10.15. The figures take no account of inflation of about 10 per cent during the year. Telebrás declined to comment antil its full balance sheet is published next week.

The partial result is in line with market expectations. Telebras has been publishing monthly figures since the middle of last year in an effort to dampen market speculation. Its shares account for about 60 per cent of trading on the São Paulo Stock Exchange, and its American depository receipts are among the most liquid Jonathan Wheatley, São Paulo on the NYSE.

ITT strengthens Sheraton arm

ITT, the US hotel and casino company fighting a \$6.5bn hostile takeover bid by Hilton Hotels, yesterday said it had moved to strengthen its ITT Sheraton hotel business by adding 28 hotels - more than 7,000 rooms - in the first two months of this year. They included 18 Four Points hotels in the US, Canada and Israel and 10 Sheraton hotels and resorts in nine countries outside the US.
Only one of the deals – the acquisition of the Sheraton

Ambassador Hotel in Monterrey, Mexico, for \$15m - was an outright purchase. At most of the other 27 hotels, ITT Sheraton was selected to run the hotels under management contracts.

ITT also confirmed that it had entered the bidding to . buy SEAT, an Italian yellow pages directory publisher eing privatised by the Italian government. ITT has indicated that it will sell its own yellow pages operation, the biggest in Europe, as part of its defence against Hilton Hotels: but it said the operation would be worth more Richard Tomkins, New York with SEAT included.

Applied Magnetics shares fall

Shares in Applied Magnetics, the disk drive component manufacturer which has launched a hostile bid to acquire. rival Read-Rite, have fallen sharply since the bid was innounced on Monday. Applied offered 0.679 of its own shares for each share of Read-Rite. Based on Friday's closing prices, this represented a 33 per cent premium over Read-Rite's share price.

However, with Applied trading yesterday at \$42%, down from last week's close of \$55%, analysts said the terms of the bid would need to be sweetened if it was to succeed. Read-Rite, which has said only that it was surprised by the bostile bid, was trading yesterday at \$33%, up \$5.5 from Friday's close. Louise Kehoe, San Francisco

US bank J. P. Morgan has been selected to advise the government of Guatemala on the privatisation and sale of Guatel, the country's telecommunications monopoly. "The structure has not yet been decided but the idea is to sell a controlling stake to an international strategic operator," said Mr Richard Duron, head of Latin

Guatemala's telephone penetration is 3 per cent with an estimated waiting list of nearly 1m lines, according to the company, which is expected to be valued at about \$1bn. Employees may be given 5 per cent of the company'e stock, in a move to placate the unions, leaving up to 95

Angelini plays waiting game

Snapping up Copec was one man's crowning glory, but it led to a long legal battle with a US group, says Imogen Mark

CHH to International Paper,

which had long wanted a southern

hemisphere arm. Mr Angelini 'all

of a sudden found he had King

Kong in his living room'

of a small fishing fleet, was under pressure to sell out to the Chilean state. Playing for time, he told the government minister be had to consult his board, "Fine." said the minister, "there's the bathroom, go and look in the mirror, than give me

What was true a quarter-century ago is doubly true today. The Angelini group, one of Chile's top three or four business conglomerates. is not a group but one man, "don Anacleto". He takes all policy decisions for his companies, which range from fishing and forestry products to insurance and retail.

But at 83, and childless, he has no family successor unlike the other two big Chilean family groups, the Mattes and the Luksics, both of which are run by new generations. Nor has he divested ownership substantially to the public, like the smaller Claro group, or the Enersis holding. Worst of all, Copec, a forestry-to-energyto-retail conglomerate that is the second biggest Chilean private company and the cornerstone of his empire, is embroiled in a bitter shareholder dispute with International Paper of the US, his unwilling sleeping partner.

Buying Copec in 1986 was Angelini. He is a tenacious businessman, averse to risk but with a sharp eye for opportunities, says a former colleague. Italian by birth, sales of \$201m. to reach a he arrived in Chile as an controlling 40 per cent. immigrant of modest means in 1948. His first enterprise of \$241m, and Chile in 1966 was a paint factory, but in was a much riskier prospect sold control of CHH to Inter-

contract in a fishing company, Eperva. Later he acquired another fishing company, and diversified

into farming and fibreboard. When the socialist Allende government was overthrown in 1973, Chile offered rich pickings as the military regime sold off dozens of companies and banks which had been nationalised. Mr Angelini acquired more fishing interests and became the biggest oparator in the industry. He added another fibreboard company and its forests, and later formed a private pension fund, jointly with the Matte group, and a general insurance company, which is now the biggest in

In the mid-1980s there was a second round of fire sales, this time as a result of the collapse of the two biggest Mr Asbusiness groups. In late 1985 policy.

Mr Angelini began buying

up shares in one of them,

Copec, then Chile's biggest

private company, with assets

valued in 1985 at \$470m and

However, Copec had debts

n 1973. Mr Anacleto the mid-1950s he got a small than it is today. So Mr Ange-national Paper, the biggest Angelini, then the owner stake and a management lini brought in a partner – pulp and paper maker in the lini brought in a partner -Carter Holt Harvey (CHH), a New Zealand forestry company with whom he already had a small joint venture.

> nto Los Andes, a jointlybeld investment company, the New Zealanders pnt US\$202m and Mr Angelini his Copec shares. Los Andes underwrote a new share issue and bought additional packages on the stock market to bring its holding in Copec up to 60 per cent. CHH gave Mr Angelini a 20year mandate to manage Copec, and he gave Mr Ken Carter a courtesy seat on the board of Celulosa Arauco, its forestry subsidiary.

The deal worked amicably, for a time. Clear of debt, the company re-invested a steady 70 per cent of its profits every year, according to Mr Angelini's unalterable

By last year Copec's assets

were worth \$5bn, and sales

were \$2.6bn. Its biggest

asset, Celulosa Arauco, an

export wood pulp producer.

was up from 370,000 to a mil-

lion tonnes a year, with solid

But in 1991, the Carters

forestry reserves to feed it.

Mr Angelini's only concession in the subsequent mediation has been to offer to let CHH keep a minority shareholding, an offer they If the decision, expected by In 1991, the Carters sold control of

analyst.

tha year-end at the letest, goes in Mr Angelini's favour. CHH will be forced out of Chile. If it goes against him. CHH will no doubt press again to renegotiate the con-

industry, which bad long wanted a southern hemi-

Mr Angelini "found he had

The new management in

CHH began pressing for a

more active role in Copec.

and in 1993 started legal pro-

ceedings to get the share-

bolder agreement over-

turned. In 1994 Mr Angelini

took his case to arbitration.

asking for an exclusion

agreement which would

force his partners to sell him

their 30 per cent stake in Copec for \$618m, the adjusted book value of their

investment. Copec has a cur-

rent market capitalisation of

eavs an industry

King Kong in his living

Industry sources think they could leave Mr Angelini with management of the existing Chilean interests. but would push Copec into investing abroad, and downstream, into more value-added products. Mr Angelini may refuse to

negotiate - the original contract is valid until 2007, and But time is not on his side



One man group: Angelini has no desire to share Copec

if be wants to leeve an core businesses, and new orderly succession. His holdnephew, who does not have his tough-mindedness or business skills.

In the long term, thinks legal proceedings could drag one former executive, his will be broken up into the ruary 13 and February 18.

management brought in. Mr ing is expected to pass to his Angelini'e group will end, as it began, with him.

This is the fifth in a series on Latin American companies. Previous articles have run on various interests and Copec January 17, January 27, Feb-

Rivals watch for weakness in 3Com merger

ing industry consolidates.

The acquisition by work. 3Com, in contrast, is a 3Com of US Robotics long-time leader in the field is aimed at creating of office network equipment. There is almost no overlap

leading supplier of equip- networking companies to before the deal was intel in the market for netment used at the "core" of data communications networks including routers and switches which direct net-work traffic.

acquire new technology announced after the close of through stock-swap deals trading on Wednesday. Yesthan to develop it in-house. terday, it retreated further Industry consolidation will to trade at \$36%. continue, Cisco said yester-

The trend toward consolidation in the networking a Com deal. The challenge shares for each share of US industry is being driven, say now facing 3Com would be Robotics. This means the to merge successfully two companies with differing bas already fallen from the products, sales channels and

> dicted competitors would be quick to try to take advantage of the merger "trauma" at 3Com. Some analysts also questioned the

3Com's share price, which

value placed on US Robotics \$6.6bn original price to about \$5.5bn. US Robotics shares yesterday gained \$2% in the

wood Research, a market tury, with worldwide reveresearch group, said the nues rising from \$28bn in planned merger was a "defensive" move in an the opportunities remain increasingly competitive strong. environment.

3Com has been facing

Louise Kehoe

In contrast, Cisco is the less expensive for computer ber, was trading at \$39

another networking power- Its core products are "netbouse to rival the size and work interface cards" - cir-market power of Cisco cuit boards that are plugged Systems, the industry leader. into PCs to link them to It is the largest deal so far office networks. in a series of margers and acquisitions as the fast-grow-

The combination will form a company with annual reve- and chief executive. Each. nues of close to \$5bn. Cisco'a however, has been spending fiscal 1997 revenues are forecast at about \$6.5bn.

opportunity to expand into other segments of the market, notably personal computer modems and equipment used by Internet ever, to focus "on the edge of networking companies" service providers to link cus-tomers to the global net-that link computers.

between the two companies' products, according Mr Eric Benhamou, 3Com chairman heavily on research and development to enter the For 3Com, the deal is an arena of the other. The "merger" would enabla big savings in development costs, he said. The enlarged 3Com would continue, how-

industry executives, by the corporate demands for "endto-end" solutions from a single supplier, as they invest in networks to link global operations as well as customers and suppliers. Other factors have been the rapid development of new networking technologies and the high valuations of some shares in the past two years. In many cases, it has been hit a high of \$81% in Decem-

ndustry analysts pre-

timing of the deal.

The terms of the deal have

morning to trade at 63%. Mr David Thor, of Sberwork interface cards, while US Robotics' oew high-speed 55kbps modems are already being challenged by a newly formed consortium - including Compaq Computer, Cisco Systems, Hewlett-Packard, Rockwell and Lucent - that is backing an alternative and incompatible standard.

Yet with growth in the networking equipment sec-tor expected to continue at greater than 30 per cent a year for the rest of the cen-1996 to about \$72bn in 2000,

JP Morgan to advise Guatemala

American mergers and acquisitions at J. P. Morgan.

per cent in the hands of the strategic buyer.

Tracy Corrigan, New York

ECU 3,000,000,000 **Euro Medium Term Note Euro Depositary Receipt Programme** Lavoro Bank Overseas N.V. Banca Nazionale del Lavoro S.p.A. Series N° 5

Banca Nazionale del Lavoro S.p.A.
- London Branch US\$ 200,000,000 Floating Rate Depositary Receipts due 1999 In accordance with the terms of the Senes N° 5 Depositary Receipts (the "Receipts") described in the Pricing Supplement. dated as of August 22, 1994, notice is hereby given that for

the Interest Pariod from February 28, 1997 to May 30, 1997

the Receipts will carry an Interest Rate of 5.8% per annum. The Interest Amount payable on the relevant Interest Payment Date, May 30, 1997 will be US\$ 14.66 per Receipt of US\$ 1,000, US\$ 146.61 per Receipt of US\$ 10,000 and

US\$ 1,486.11 per Receipt





Notice of Early Redemption **ANZ**Bank Australia and New Zealand Banking Group Limited ACN. 005 157 572 and with familial habitury in the State of Victorial up to U.S. \$250,000,000

dinated Floating Rate Notes due 2000 of which U.S. \$140,000,000 is the initial tranche and U.S. \$70,000,000 is the subsequent treache NOTICE IS HEREBY GIVEN that pursuant to Condition 5(C) and it is the Note.
ANZ Rank will redoem all if the Nates at their principal amount on the next universe
purposent date, 28th April, 1997, when interest in the Notes will come to account.

one of principal will be made upon presentation and sustender of the Notes, unanimized company principal, at the offices of any Parang Agents lated below. Paying Agents
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L-24 to Luventhours occured interest due on 28th April, 1997, will be paid in the natural of ter that date expansi presentation of Compan No. 14. Company, London 28th February, 1997



US\$350,000,000 Floating rate notes 1997

Notice is hereby given that he notes will bear interest at 5.50% per annum from 28 February 1997 tp 30 May 1997. Interest payble on 30 May 1997 will amount to US\$13.90 per US\$1,000 note, US\$139.03 per US\$10,000 note and US\$1,390,28 per LIST 100,000 mole.

Agent Morgan Guaranty Trust Company **JPMorgan**

First Bank System, Inc. US\$200,000,000 Subordinated floating rate notes due 2010 Notice is hereby given that for

the interest period 28 February 1997 to 30 May 1997 the notes will carry an interest rate of 5.6875% per annum and that the interest payable on the relevant interest payment date 30 May 1997 will amount to US\$143.77 per US\$10,000 note and US\$3,594.18 per US\$250,000 note. Agent: Morgan Guaranty Trust Company

JPMorgan

Interest period 28 February 1997 to 27 March 1997 the notes will corry an interest rate of 5.50% per annum, Interest payable on the relevant interes payment date 27 March 1997 will amount to US\$41.25 per

Wells Fargo & Company

Floating rate subordinated

propisions of the notes, notice is hereby given that for the

US\$200,000,000

notes due 2000

Agent: Morgan Guaranty **JPMorgan**

US\$10,000 note and US\$206.25

be 5.875% per annum. The interest payable on 29 August 1997 will be US\$297.01 per US\$10,000 note and US\$7,425.35 per

Agent: Morgan Guaranty Trust Company **JPMorgan**

BANCO CENTRAL DE LA REPUBLICA DOMINICANA

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y; Cathonik, N.A. (Corporate Agency and Trust), Agent Bank CITIBANG

BANQUE NATIONALE DE PARIS amme for the issuance of Debt instruments USD 5,090,000 iog/Fixed Rate Moles due 2005 Series 79 Trançõe 1

Notices in heaviery green that the rate of encepts for the period from February 28th, 1997 to August 20th, 1997 to August 20th, 1997 has been fixed at 6 09375 per cent, per sinitum The coupon amount dust for this period is USD 30,807.23 per denomination of USD 100,000 and is payable on the interest payment date August 29th, 1997

BANQUE NATIONALE DE PARIS Programme for the Issuance of Belt Instruments USD 10,090,000

Floating/Fixed Rate Notes due 2005 Series 31 Trancte 1 Notice of heraby green that the rate of element for the period from February 28th, 1997 to August 29th, 1997 has been food at 8,0,4775 and the fixed at 8,0,4775 and the fixed at 8,0,4775 and 1997 and 1

ECU 200.000.000 Caisse Française de Floating Rate Notes due 2006 For the period from February 28, 297 to May 30, 197 the Nates will carry as interest rate of AEDCCT per aurous who as interest amount of SCU DATE per FCU 18,000 and of MCU UAM 05 per ECU 180,000 Mags.

The relevant internet payment data will be May 30, 297. Ω BANQUE PARIBAS

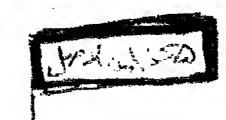
U.S. \$500,000,000 Lloyds Bank Plc Primary Capital Undeted Floating Rate Notes (Series 2)

29, 1997 to May 30, 1997. The Notes will carry an interest rate of 5.8875% p.a. with a Coupon Amount of U.S. \$143.77 psyable on May 30, 1997. By: The Classe Manhatter Bank Lumbon, Apost Bank

U.S. \$600,000,000 Lloyds Bank Plc (Proposited in England was finised facility) Printary Capital Undeted losting Rate Notes (Series 3)

Fur list strong as Personny 22, 1997 to August 29, 1997, the Notice will carry an interest rate of 5.694% p.a. with a Coupon Amount of U.S. \$267.86 payable on August 29, 1997.

Bergen Bank A/S Perpetoni Planting Rate Notes (with the right to subordinate) A accordance will the provisions of the loss, notice is hereby given that for the lot manufacture revised them Februar 37, 1997 to August 23, 1997 to Polest Juny an Impress Figur of 5,76%. The



See Section 20 Control of the Section 20 Con Morgan Grenfell US\$200,000,000 Undated primary capital floating rate notes For the interest period 28 February 1997 to 29 August 1997 the rate of interest will hoposed Acquestion of RASS US\$250,000 note. U.S. \$200,000,000

FINANCIAL TIMES FRIDAY FEBRUARY 28 1997

COMPANIES AND FINANCE: UK

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names is chief

Roth chart

A control of the last of the l Servery 5 drive by BCS to

A drive by BCC to the state of Hedging costs

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Largan to advise Guarent

Abbey up despite mortgage lull

Abbey National hopes a 12 Anney National nopes a 12 per cent upturn in the number of house purchases this year will help end the competition in the mortgage market which cut its share of new home loans in the UK last year to 5.9 per cent, less than half its traditional

The acquisition of the National & Provincial Building Society last year boosted Abbey's stock of outstanding mortgages to £60bn (\$97.2bn), 14.7 per cent of the UK mar-

Lasmo

Higher oil prices, lower costs

and a gain from a disposa

helped Lasmo, the UK's sec

ond largest independent oil

explorer, almost double

annual net profits to £67m

However, the company

admitted that its hedging

policies, aimed at protecting

it against an oil price col-

lapse, had cost it some £25m.

Other oil companies are also

expected to unveil hedging

Mr. Joe Darby, Lasmo's chief executive, said last

year the company had

hedged:19 per cent of its pro-

duction, this year it would

The company is using a

relatively bearish oil price

forecast of an average \$19

per barrel for this year, fall-

ing to \$17.50 in 1998, com-

The group lifted its divi-

dend 60 per cent to 2p

(1.25p), paid from overseas

Shares in the company,

one of the market's best per-

formers last year, rose 7p to

246p as it said several suc-

cessful explorations had

. Turnover rose 18 per cent

to £749m (£637m), helped by

a 7 per cent increase in daily production and higher oil

prices. Operating profits rose

to £208m (£112m) as unit

costs fell 10 per cent to £2.87

The company has cut net

debt from £1.1bn three years

ago to £346m at the year-end.

gearing of 27 per cent.

replaced 1996 production.

pared with \$20.4m in 1996.

costs with their results.

£25m

(\$109m).

cover less.

confirmed, as it announced pre-tax profits up 14 per cent to £1.17bn despite £51m of additional costs for the integration of N&P.

"We believe the situation in the housing market this year will enable us to reverse that trend," said Lord Tugendhat, the bank's chairman. Senior Abbey executives admitted, however, that the expected rise in house purchases had not yet materialised.

UK retail banking, includ-

ker. But Abbey itself lcnt savings husiness which was just £400m net on mortgages Abbey's traditional core before it became the first building society to convert to a bank, contributed £736m of profits last year, up 7 per cent from 1995

But Lord Tugendhat said the bank had met its target of making 40 per cent of profits from non-traditional

Thesa included £98m from consumer credit and £151m from life assurance, a sector where Ahbey is seeking to expand through the acquisitlon of Scottisb Amicable, ing the mortgaga and the mutual life company for

Treasury and offsbore busi-ness, which deals in capital markets and derivatives. produced profits totalling

last week reported a 29 per cent drop in operating profits to £204m. In its more traditional

business Lord Tugendhat sald Abbey had maintained the interest spread between mortgage and savings rates at 2.08 per cent, down from 2.15 per cent in 1995

hut ahove its bistorical

But be acknowledged that the group had preferred to give up voluma last year rather than match all the 2256m last year, up 18 per cent from 1995.

BZW, the investment banking arm of Barclays.

Abbey's loss of market share came not only in mortgages but to savings, too. Excluding the addition of 19bn from N&P, which took its ahare of the liquid savings market to about 9 per cent, Abbey suffered a £1.5bn net outflow of savings last year

T&N moves in on German buy

By Tim Burt

T&N, tha engineering and motor components group, yesterday claimed a partial victory in its legal battle to acquire a strategic stake in Kolbenschmidt, the German pistons manufacturer.

Lawyers acting for the UK group, which has been pursuing Kolbenschmidt for more than two years, said the Berlin appeal court had effectively cleared the way for T&N to exercise options over almost 25 per cent of its German rival. Mr Jochen Burrichter of the law firm, Hengeler Mueller Weitzel Wirtz, said the court had ordered a review of the decision by Germany's cartel benschmidt.

office to block T&N's approach to Kolbenschmidt. If T&N won control of Kolbenschmidt it would create one of the world's largest pistons manufacturers. Kolbenschmidt, however

said the court bad merely postponed a ruling so that if could consider fresh legal arguments from T&N. According to Mr Jörg Freidricks, director of human resources and legal affairs at

been deferred until a later date - possibly after the summer court recess.

Kolbenschmidt, the case had

He also said that the court had asked the cartel office to re-examine T&N's options over 25 per cent of Kol-

Partco buys Dana business

By Roger Taylor

Partco, the UK's largest vehicle parts distributor, is paying £103m (\$167m) for Dana Distribution Europe, part of US car parts giant Dana Corporation.

The deal is being funded in part by a 1-for-2 rights issue at 300p per share to raise £68.8m.

Dana said it had made an after-tax gain of \$47m on the sale. It said it planned to use up to \$36m of this to pay for manufacturing husiness, raised competition issues. Perfect Circle.

Partco said the acquisition, which will double turn- ing of 174 per cent.

over to about £400m, would be earnings neutral in 1997

The restructuring sbould cut combined costs by about

Mr Gordon Yardley, chairman, added that the combined group would have 13 per cent of the UK car parts distribution market.

The Office of Fair Trading The deal will take Partco's debt to £64m, giving it gear-

before a one-off restructuring cost of about £1.5m, but would significantly enhance earnings in 1998.

\$2m in 1997 and more than £4m in 1998, the company said.

French operations, where it said it would invite complant to dispose of its piston ments on whether the deal put fell in Japan and

Europe,

US hitch LEX COMMENT knocks back 30% That Abbey National's

RTZ-CRA reported a 30 per cent fall in profits last year, mainly because of lower base metal prices, adverse exchange rates and continu-log problems with a new

copper smelter in the US. Profits before tax and exceptional items fell from \$2.46bn to \$1.73bn (£1.06m). Adjusted earnings after tax dropped by almost a quarter to \$1.1bn.

RTZ

Mr Bob Wilson, chief executive, was optimistic, how-ever, predicting that demand for most raw materials would expand faster than it had over the past 25 years. He pointed out that the

adverse impact of metal prices and exchange rates was almost exactly equal to the fall in earnings. The group's production increases would have been higher still if not for "disappointments at some operations where remedial action is under

The main setback was at Kennecott Metals' new copper smelter refinery complex et Bingham Canyon, near Salt Lake City. Had the complex had been running at full capacity, earnings would

have been \$150m higher. Total group sales fell 5 per cent to \$8,45hn, mainly because of the 22 per cent fall in copper prices. Alumin-lum prices fell 16 per cent.

The copper price fall followed the revelation by Sumitomo of Japan last June that it had lost nearly \$2bn in copper trading. The fall, coupled with the Bingbam problems, reduced group rev-

\$465m to \$1.43bn. Nevertheless, total copper production increased 19 per cent to 759,000 tonnes (640,000 tonnes).

enues from the metal by

Bingham's production fell 24 per cent because of the smelter, which will be shut for six weeks to rectify "the last remaining bottleneck".

Comalco, the aluminium subsidiary, was hit by lower prices and the strong Australian dollar and earnings fell from \$163m to \$36m. Earnings at Hamersley, the iron ore subsidiary, declined to \$215m (\$253m) as higher

Lex, page 14; Commodities,

Abbey

core business is under pressure is bevond debate. At first sight, a drop in UK retail baoking margins from 2.15 per cent to 2.08 per cent hardly looks catastrophic. But these figures are flattered by amortising the cost of upfront incentives over several years. And more importantly, lower margins are not protecting Abbey's 15 per cent sbare of Britain's mortgage market. Last year it won a puny 2.4 per cent of net new mortgage lending.

115 ----105 100 Naturally, Abbey can always beef that up by offering keener prices – as it now

plans to do when customers threaten to take mortgages elsewhere. Yet the bottom line will suffer either way. Still, this is a worry not a crisis. A really savage collapse in mortgage margins, much predicted, has con-

spicuously failed to materialise. And the market is in any case growing strongly. Abbey's 12 per cent average growth forecast over the next three years looks perfectly credible. On top, there should be plenty more to come from non-mortgage products, such as consumer credit and

Nevertheless, Abbey's undimmed determination to fight for Scottish Amicable is a useful reminder that its urge to diversify will sometimes mean paying unnerving prices. And by any standard, a prospective price/earnings multi-ple of nearly 12 times for this business is full – bizarrely so, compared with 12.5 times for HSBC. The converting building societies salivating over Abbey's rating would be unwise to count their chickens.

Split sparks loss at British Gas

By Jane Martinson

British Gas signed off as a combined entity with a thumping £1.14bn (\$1.84bn) of exceptional charges, sending it to a net loss of £178m. The bulk of the charges -

£834m - were incurred in the last quarter, as the group prepared to split its Centrica supply and trading arm from BG plc, which has taken on the pipelines and exploration and production.

The charges mainly relate to the resolution of about a fifth of the group's onerous take-or-pay contracts with North Sea gas producers. These contracts commit British Gas to buy gas it no ionger needs at a price well above market rates.

Mr Richard Giordano, chairman, sald: "Nobody likes to lose money but this had to be done. The only the last quarter generally to go forward was to clear £2.89bn (£2.68bn). the decks as much as possible."

Leaving the charges aside.

the group reported operating profits of £1.43bn, up from £1.39bn, on sales of £9.45bn (£8.6bn).

The historic cost net profit, pre-exceptionals, was £631m, down 30 per cent and below analysts' expectations. The main reason for this was a higher tax charge as tha group sought to offset exceptional costs on the regulated profits of BG for the last

BG will have gearing of 96 per cent while Centrica will be ungeared next year.

Mr Gardner, of Centrica, warned that £20m-£30m would be needed in the current year to cover the further cost of temporary staff to improve customer service.

Mr Glordano, who will continue as BG's chairman, said that colder weather had made trading conditions in

Shares in BG rose 2p to 1751/2p. while Centrica's rose

a	Timpov	or (2m)		p-(zax R (Enl)	E	S (p)	Current payment (p)	Date of payment	- Dividends · Corresponding dividend	Total for year	Total ter
Alaboy Hational		(-)	1,167	(1,026)	56.5	(51.7)	17.4	May 6	14.5	26.1	21.75
British Gas Yr to Dec 31	9,453	(8,601)	156	(986)	4L	(11.6)	6.1		8.1	14.5	14.5
DOM CE DUM	28	(24.2)	5.27	(5.38)	14	(14)	5.06	Apr 11	4.6	7.59	6.9
Purlington Yr to Dec 31	-	(-)	0.124	(0.174)	0.78	(D.95)	0.7	Apr 7	0.7	0.7	0.7
Dumino 6 mins to Oct 31	0.012	(0.047)	0.051LA	(0.025L)	0.08L	(0.04L)	-	-			•
Fil 6 miles to Nov 30	38.2	(35.4)	0.327L♠	(3.61LA)	1.9L	(15.6L)	nij	•	6	-	6
Freen Property # Yr to Dec 31	13.71	(10₹).	8.55	(6.38)	13.73	(14.77)	3.3	Apr 26	3.1	4.6	4,4
softred 6 mths to Dec 31	5.57	(4.59)	2.16	(1.68)	12.2	(8.8)	2.21	May 2	2.01	-	5.77
asmo Yr to Dec 31	749	(637)	671	(341)	5.3	(1.6)	2大	May 6	1.25大	2大	1.25大
Assume Yr to Dec 31	1,584	(1.557)	51.6	(32.14)	31.3†	(27.5)	9.6	Apr 10	9	16	14.9
berty but Yr to Dec 31-	221,1	(182.6)	100.4	(203.7♥)	21,62	(51)	8.75	May e	7.9	10	14.5
leasery Corp'n &	1.1	(0.450)	4.54L	(1.95L)	7.49L	(3.37L)		-		•	-
orist 2 Yr to Dec 33	9.57	(9.5)	1.65	(6.85LA)	16	(68.7L)	n/l	-	nii.	nil	旭
turning Home Props _ 3 miles to Dec 31	2.08	(0.497)	0.789	(0.122)	1.61†	(0.79)	1.5	Apr 2	•	-	0,8
writed	204.2	(164.4)	10.5	(7.47)	20.3	(18.4)	5.5	May 30	4.75	6	7
certo Yr to Dec 31	80.S	(66.5)	7.81	(7.01)	26.5	(24.8)	5.8	May 15	5.25	6	7.25
enishaw 6 mths to Dec 31	39.7	(35.7)	10.8♥	(8.2)	10.84†	(8.89)	2.89	Apr 21	2.89		8.65
17Z Yr to Dec 31	4.530	(5,155)	1.10B	(1.4244)	50.1	(58.4)	21.11 元式	Apr 21	21	31.71	31.5
tanford Rook &		(-)	0.965L	(0.874L)	5.06L	(5.3L)	•			•	-
fembley Yr to Dec 31	121.1	(122.6)	17.1	(B.12L.+)	24.61	(1S.5L.)	2	•	ការី	2	nii
nvotment Trusts	MAN	(p)	- Attrib	patalele ga (Con)	EPS	s (p)	Current payment (p)	Date of payment	Corresponding Gordend	Total for year	Total ini
	465.9	(433.3)	0.306	(0.178)	2.43	(1.40)	1	Apr 26	2	2	3
Mangow Michigan Yr to Sep 30 1997		(E)		(-)		(-)	0.6	May 30	0.6		. 5.6

HTV, one of Britain's larger independent television

companies, could soon be collaborating with US media giant Warner Brothers on the production of an animated

series of the wild west's Zorro, the famous masked swords-

man of the early cinema and television. Warners wants to

make more television programmes in Europe, to beat Euro-

pean Union unotas that say a majority of programmes on

multi-million pound deal represents a coup for HTV which has been building up its programme making for interna-

tional markets to develop its independent status despite the

likelihood of increasing consolidation in UK commercial

per barrel of oil a day, Las- EU country channels should be made in Europe. The

SmithKline in £35m biotech link

SmithKline Beecham, the Anglo-American pharmaceuticel group, yesterday announced research alliances with Cadus Pharmaceutical of the US and Evotec BioSystems of Germany.

about £35m (\$56.7m) over five years.

More than any other large drug company, SB has based its research on genomics, the study of how genes work together to cause disease. Under the terms of the

hiological functions of more quickly. human "cellular receptors".

The collaboration with man company's "ultra-high throughput screening sys- pharmaceutical group.

SB expects to pay a total of agreement, Cadus will tem" enabling researchers to receive a total of \$43m over test new molecules for biofive years to research the logical ectivity 20 times

> Evotec also announced a similar research agreement Evotec is based on the Ger- to sell its screening technology to Novartis, the Swiss

Siebe abandons Whessoe pursuit

By Tim Burt

Siebe, the engineering group, yesterday abandoned its £46m (\$74.5m) takeover of controls manufacturer was trumped by a £52.6m offer from a SwissNorwegian con-tion and communications

said it would not increase its 155p-a-share offer for Whessoe, which earlier this week received an unexpected 175p-Whessoe after its bid for the a-share cash bid from an alliance of Navia, the Norwegian manufacturer of naviga-

sortium. The UK company systems, and Endress & Hauaer, the privately owned Swiss controls group.

It emerged yesterday that Whessoe had been in discussions with Navia and Endress & Hauser before Siebe proposed its 155p bid. The consortium yesterday

acquired 15 per cent of

7.8m shares. Sbares in Whessoe which bad reached a 12month high of 186p on hopes of a fresh Siebe bid - fell 9p to 175p. Siebe closed

Annual Results

sive and that dealings in the l

DUNTON GROUP plc

Proposed Acquisition of RMS Communication and change of name to RMS Communications plc

> Proposed share consolidation Proposed Placing and Open Offer of

6,054,565 New Ordinary Shares at 100p per share

Credit Lyonnais Laing Issued and fully paid codinary shares of 25p each (7,329,045 deferred shares of 75p each (2,389,960 iets in the de

RMS Communications Lin The Barn Palace Gate, High Street Ochum lampshim RG29 UZ 3 March 1997, for collec

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Sales net of taxes in milions French Francs

Net income from recurring operations Group share in militars french francs 3 239

Gross cash flow न व्यक्तिक रिकारी रिकाट 7 803

Capital expenditure in militions french francs 13 010

Net income from recurring operations - group share: + 20.4%

nillions French Francs Change (%) + 7.1 154 905 144 612 154 905 Net income from recurring 3 239 2 690 + 20.4 - 716 N5 Non recurring items 3 536 - 11.7 Net income - group share

Sales net of taxes increased by 7.1%.

■ Net income from recurring operations - group share grew 20.4% to 3 239 millions French

Non recurring items represented o loss of 116 millions French Francs. The most significant items were a capital gain on the sale of our stake in Price Costco and on exceptional amortization of goodwill in our investment in Cora.

■ Gross cash flow of the group reached 7 803 millions French Francs, up 18.1%. Our total

capital expenditure amounted 13 010 millions French Francs. The group's gross debt to equity ratio increased from 24.3% in 1995 to 32.2% in 1996. The Annual Shareholder Meeting of the group will be held on April 24, 1997. A dividend of

26 Francs per share (net of 13 Francs tax credit) will be proposed, payable on April 28, 1997, vs 21,3 Francs in 1995 (adjusted for the May 1996 3:2 bonus issue).

INTERNATIONAL CAPITAL MARKETS

Mixed day for European high-yielders

the market and the central

bank said it was a technical

measure to bring its rates in

the money markets, which

have risen in recent weeks.

Wednesday's sharp sell-off.

lower at 971 to yield 6.782

per cent and the two-year

6.060 per cent. The March 30-

moved & higher to 1114.

E US DOLLARS

E D MARKS

M YEN

Pathurg Finance(a)§
Toronto Dominion Bankoht

LB Schleawig-Holsteinich* BGB Finance(Instand)(e)

By midday, the benchmark

US Treasury prices were

flat to modestly weaker in of this year.

New international bond issues

(0)

MARKETS REPORT

By Samer Iskandar in London and Lisa Bransten in New York

Government bond markets cent in the US." recovered unequally from Wednesday's losses, with Europe's high yielders taking diverging paths. Spanish March bono future closed bonos followed German 0.15 higher et 113.80. hunds higher while Italian and monetary union.

Liffe's March bund future settled near the day's high at 103.64, up 0.57.

damentals are still construc- Italy would not seek to delay at 10 basis points.

Bear Stearns, "German growth remains lacklustre and core inflation is 1 per cent, compared with 2.75 per

Spanish bonds also settled higher, but underperformed hunds. In Barcelona, the Meanwhile, Liffe's March

BTPs fell on renewed wor- future on Italian BTPs lost ries over European economic 0.44 et 129.79. In the cash market BTPs' 10-year spread over bunds widened by 11 basis points to 182 points. Comments by Mr Romano "German fixed-income fun- Prodi, prime minister, that

tive," said Mr David Brown, the start of Emu failed to Traders helieve the tightchief European economist at restore traders' confidence, which had been shaken hy Mr Fausto Bertinotti, leader of the Communist Refoundation, who had earlier advocated "an extension in the timescale" of Emu.

Dutch bonds shrugged off a decision by the central bank to raise its special early trading yesterday as advances rate hy 20 basis points to 2.70 per cent.

The henchmark 5% per cent DSL due 2007 rose 0.26 to close at 102.28, almost matching the performance of German bunds. The 10-year yield spread of bunds over DSLs remained unchanged

The curve that maps the ening had been priced into yield differential between claims for unemployment two-year and 30-year maturi- benefits rose by 11,000 new ties flattened by another 2 basis points as the market line with interest rates on continued to price in the increased likelihood that the gesting the labour market Federal Reserve would raise interest rates in the first half

Mr Alan Greenspan, the the market grappled with chairman of the Fed, the 1 per cent gain many sparked those fears on Wednesday when he raised 30-year Treasury was & the spectre of a "preemptive" monetary tightening before the emergence of inflationary pressures.

was down & to 99%, yielding year bond future, however, assuage fears of an increase in interest rates.

99.841R Mer 2001 0.255R +4(5%%Feb00) Nitrio Europe 99.75R Mer 2000 0.208 +8(5%%Feb00) Patrick/Netber 1 100.00 Mer 2002 2.50 - Jardine Flemin 99.769R Mer 2007 0.35R - Citizent/Midriga

Weekly figures on new applicants last week, but the four-week moving average hit e seven-month low, sug-

remains tight. Meanwhile, orders for durable goods rose by 3.6 per cent in January, more than economists had expected.

Mr Ed Yardeni and Ms Debbie Johnson of Deutsche Morgan Grenfell in New York said that while orders data could be extremely vol-Economic data did little to atile, the figures suggest that "manufacturing ectivity remains solid".

CSFB/Selomon Brothers

CAPITAL MARKETS NEWS DIGEST

China begins dam finance issuance

China will today issue the first batch of Ynlbn corporate bonds for the Three Gorges Project, the gigantic dam across the Yangtze river and the world's largest hydro-power project. The issue marks the long-awaited start of domestic bond financing for the controversial project, which has been flercely criticised by environmentalists. The three year bonds, with an annual coupon of 11 per cent payable on maturity, will be open only to Chinese investors and will be listed on the

Shanghai and Shenzhen exchanges. China is also planning a record issue of state debt this year, targeting bond sales et individual investors. Mr Liu Jihing, deputy finance minister, said: "The state debt issue in 1997 will focus on actively promoting the construction of the state debt market and aims to satisfy

the demand from individual investors." The finance ministry plans to issue e record Yn123bn (\$14.8bn) in non-tradable two, three and five-year Treasury notes from March 1 to October 20. "The T-notes are aimed at individuals," Mr Liu said. In total, China is expected to issue around Yn250bn in state debt this year. up from a record Yn195.2bn in 1996.

James Harding, Shanghai

Corporation

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IBCA says banks under-rated

Banks have been under-rated by credit rating agencies in the past 10 years, according to IBCA. The European rating agency argues that "given the number of banks rated and their average rating, one would have expected a considerably higher number of defaults". Only one bank, Rabobank of the Netherlands, is still rated triple A by the three largest agencies, according to IBCA. The agency also noted that, excluding Japan, the average rating of the largest banks has steadily declined between 1989 and 1994,

from just below AA to around AA-.
Outside the US, only three defaults by banks rated "investment grade" have occurred in recent years, IBCA added. They involved Barings of the UK, Comptoir des Entrepreneurs of France and New Zealand's DFC. Rescues were swiftly organised for the first two, with only the

latter resulting in losses. These findings were revealed in a report* in which IBCA compares its own ratings with those of its US competitors, Standard & Poor's and Moody's. Although the ratings assigned by the three agencies have been close to each other and have shown similar patterns of upgrades and downgrades. IBCA pointed said its own ratings have been more generous to US and Japanese banks. In Japan's case, this is explained by the importance IBCA gives to the lender of last resort and its assumption that the authorities will ensure banks are

able to pay their debt in a timely manner. For the US, IBCA attributes the differences to the simistic view that S&P and Moody's took when US

Samer Iskandar, London

GECC targets retail buyers for \$250m

INTERNATIONAL BONDS

By Conner Middelmann in London and Tony Tassell in Bombay

The eurobond sector was dominated yesterday hy retail-oriented offerings with institutions holding back after Mr Alan Greenspan's hawkish testimony on the US economy.

"Institutions are sticking to the sidelines for the time being - Wednesday's correction has knocked the wind out of a few people," said

However, others said substantial cash reserves were waiting to enter the market. especially from retail investors who have seen large redemptions recently. The day's two largest dol-

lar deals were targeted st European retail. General Electric Capital Corporation issued \$250m of four-year bonds yielding 4 basis points over three-year Treasuries.

Tradsrs said that, com-pared with the interpolated yield curve, the bonds traded at around 4 basis points below Treasuries, making them expensivs. Nevertheless, lead manager Nikko reported good demand from Swiss retail - traditionally

keen buyers of GECC debt. ING Bank raised \$250m through three-year bonds yielding 8 basis points over the equivalent Treasury. Lead PaineWsbber reported good sales to Swiss and Benelux retail and even

some institutional eccounts. Elsewhere, Russian finance minister Mr Alexander Livehits said Russia would launch its second eurobond within two weeks. It is expected to total DM1bn to DM1.5bn and will be led by Deutsche Morgan Grenfell and CSFB. Among other Russian issuers eyeing the market, the city of Moscow is readying its enromarket

dehut, expected in March.

via CSFB and Nomura.

Meanwhils, Indian Petrochemicals has raised \$150m through an innovative convertible bond issue using a bank guarantee to obtain a debt rating higher than the sovereign ceiling for India.

The state-controlled company, one of India's largest petrochemical producers, also has the right to raise a further \$25m through s greenshoe option, which, if exercised, would reduce the government's stake in IPCL from around 59 per cent to 51.2 per cent after the conversion of the bonds.

The honds, convertible into global depositary recelpts over a five-year term, will be rated AA- by Standard & Poor's, higher than India's sovereign debt ratings of BB+ from S&P and Baa3 from Moody'e.

IPCL said the rating was obtained using s scheme arranged by lead manager Goldman Sachs, where Bank of America effectively supplied a guarantee for the

1.04

BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100% CALLS

1.25

II NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES

1.30 1.09 0.90

PRENCH FRANCS Rheinische Hypothei 6.00 CCF/Banque Louis Dreyfus E SWISS FRANCS City of Copenhager Apr 2004 2.50 100 3.00 101.80 M D'ALIAN LIRE Mer 2001 0.18R IMI Bank Luxembourg LW Rentenbankt 101.375 Caja de Medrid/UBS Mar 2007 DANSSH: KRONER 101.90 Apr 2005 1.875 102.00 Oct 2003 1.875 101.92 Dec 2002 1.875 Kredietbenk Intl Group ASLK-OGER/Bacob Ba European Investment Bank Bacob Overseas(I) Bramer LB Cap Markets(s) 400 IL NEW ZEALAND DOLLARS 101.125 Mar 2001 1.626 100.865 Apr 2000 1.50 E CZECH KORUNA 10.875 100.00R Mar 1998 0.15R Final terms, non-catable unless stated. Yield spread (over relevant government bond) at taunch supplied by lead menager. #Unlisted. §Convertible. ‡ Floating-rate note. \$Semi-annual coupon, R: Flued re-offer price; fees shown at re-offer level. a) Exchangeable into Pathurg Intl shares at HKS10.50. Catable from Mar 00, subject to 145% hurdle. Redemption price: 145.875%. Greenshoe: \$31.5m. b) Catable from 27/3/02 at par. b1) 84% to 27/3/02, then 3-mth Libor +100bp. d) 3-mth Libor +100bp. d) 7% to 25/3/01, then 12.48% - 12-mth DM Libor; min 3%, h) 5% to 7/4/01, then 7%. i) Over Interpolated yield. I) Long 1st coupon, s) Short 1st coupon.

May 2001

would have achieved and brought a new class of investors to the company.

- PUTS

0.91

0.70

guarantee resulted in a this, IPCL said it will pay a complex at Gandhar in Gujamuch finer pricing than it guarantor's fee to Bank of rat state. When completed in America equivalent to a fur-

bond. The company said the rate of 2.5 per cent. On top of cracker at its petrochemicals 1998, the cracker is expected ther 1 per cent interest rate. to produce more than 300,000 The company will use the tonnes a year of ethylene The bonds carry a coupon funds to develop an ethylene and derivative products.

banks faced difficulties in the early 1990s. Who Rates the Raters. IBCA, Tel: 44(0)171 417 4222. £50.

	Coupon	Red Date	Price	Day's change	Yleid	Week ago	Monti
Australie	6.750	11/06	93,7618	+0.065	7.67	7.39	7,35
Lustria	5.625	01/07	100,5500	+0.300	5.55	5.53	5.78
3elgium	6.250	03/07	104,5900	+0.510	5.64	5.62	5,73
Canada *	7.000	12/06	104,3800	-0.570	6,39	6.22	6,59
Derertank	8,000	03/08	112,0800	+0.320	6.22	6.17	6.37
mance eTAN	5,500	10/01	104,7011	+0,128	4,37	4.34	4.41
CAT	6,500	10/06	108,6900	+0.460	5,33	5,32	5.68
Sermany Bund	8.000	01/07	103,4500	+0.410	5.54	5.52	5,75
reland	8.000	08/06	111,0000	+0.100	6.41	6.38	6.51
hally	7,750	11/06	103,7500	-0.240	7.201	7.11	7.15
lapan No 143	6.300	09/01	121,3906	+0.105	1.35	1.40	1.37
No 182	3.000	09/05	104,3842	-0.070	2.39	2.45	2.38
letherlands	5.750	01/07	102,2800	+0.260	5,32	5.27	5,59
Portuget	9,500	02/06	118.5000	_	8,70	6.57	6.60
Spain	7.350	03/07	103.8600	+0.320	6.74	6.72	6.81
Sweden	6.000	08/07	109.0448	-0.160	6.76	6.63	6.60
JK Gilta	6.000	12/00	104-02	+2/32	6.76	6.69	6.94
	7.500	12/03	102-11	+15/32	7.16	7.10	7.38
	9.000	10/08	113-17	+17/32	7.26	7.20	7.46
IS Treasury	6.250	02/07	97-28	-14/32	6.54	6.32	6.54
	6.625	02/27	87-28	-24/32	6.78	6.58	6.82
CU (French Govt)	7.000	04/06	108.2700	+0.170	5,80	5.77	5.92
andon closing, "New Y	ork mid-de	,		YN	ds: Locas		

US INTEREST RATES

Treasury Bills and Bond Yields

BOND FUTURES AND OPTIONS

	Open	Sett price	Change	High	Low	Est. vol.	Open in
Mar	131,94	132.40	+0.40	132.40	131,90	134,620	132,00
Jun	130,64	131.14	+0.42	131.14	130,64	2.234	26,425
Sep	128.98	129.48	+0.42	128.98	128.96	2	1,782
LONG Strike	TERM FR	ENCH BON		NS (MAT	F)		
						PUTS	
	14-				• 4 -		
Price	Mar	Ap	r Ju		Mor	Apr	Jun
Price 128	4.40	Apr	r Ju	an 44	Mor -		Jun 0.33
Price 128		Apr	, Ju		Mor -	Apr	
Price 128 129 130	4.40	Apr 3.10 2.20	8 3. 4 2.	44	-	Apr 0.04	0.33
Price 128 129	4.40 3.40	Apr 3.17 2.20 1.30	3.4 2.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1	44 62	-	Apr 0.04 0.10	0.33 0.50

Germany MOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100% Low Est. vol Open int. Open Sett price Change High

	Open	Sen buce	Change	High	Low	Est. vol	Open in
Mar	130.10	129.79	-0.44	130.26	129,52	83838	84710
Jun	129.70	129.39	-0.29	129,70	129.00	21854	43861
E ITALIA	GOVT, BO	MED (ETTP) (FL	TURES OF	TIONS (LF	FE) Lini200r	100ths of	100%
Strffag			LS			PUTS -	
Price		Jun i	Sep		JUN 1		Sep
12900		213	2.82		1.74		2.58
12950		1.83	2.57		1.94		2.83
13000 Est vol to		1,54 131 _, Pu ra 688	2.35 J. Previous		2.15		3.11 53431
Spain - work	WAL SPA	NISH BON	e muse	ES AJEEE			
_ 110111	Ореп			High	Low	Fed. vol.	Open in
Mar	113.55	113.79	+0.14	113.80	113.35	88.681	58,430
Jun	113.79	114.02		114.03	113.63	3,309	19,580
ÜK			******		. 10.00	410-00	.0,000
	MAL UK	SILT FUTU	RES (LIFF	E)" £50,00	0 32nds o	100%	
	Open	Sett price	Change	High	Low	Est. voi	Open in
Mar	112-19	113-07	+0-15	113-07	112-10	122502	117690
Jun	112-05	112-23	+0-17	112-24	111-26	48190	138525
LONG	GILT FUT	URES OPT		FE) £50,00	00 64ths o		
Strike Price	A~		LS		or Ma	PUTS -	Sep
112	Apr 1-13						2-22
113			-36 2-	38 0-9			
	0-40				94 1 ₋	1.54	2-56
	0-40 0-18						2-56 3-30
114	Q-1S		-06 1-	46 1-3	5 2-05	2-26	3-30
114	Q-1S	0-51 1	-06 1-	46 1-3	5 2-05	2-26	3-30
114 Est. vol. to Ecu	0-18 hd. Cath 85	0-51 1	-06 1- I. Previous	46 1-3 day's open	5 2-05	2-26	3-30
114 Est. vol. to Ecu ECU 8	0-18 nd Cuth 85 ONO FUT	URES (MAT	IF) ECU10	46 1-3 day's open 00,000 High	6 2-05	2-26 81211 Puss Est. vol.	3-30 23528 Open int
114 Est. vol. to Ecu Ecu 8	CNO FUT Open 97.75	0-51 1: 38 Pars 1519 URES (MAT Set price 97.94	IF) ECU10 Change +0.18	46 1-3 day's open 00,000 High 87,94	Low 97.66	2-26 51211 Puts Est. vol. 1,957	3-30 23528 Open int
114 Est. vol. to Ecu ECU 8	0-18 nd Cuth 85 ONO FUT	URES (MAT	IF) ECU10	46 1-3 day's open 00,000 High	6 2-05	2-26 81211 Puss Est. vol.	3-30 23528 Open int
114 Est. vol. to Ecu Ecu 8	CNO FUT Open 97.75	0-51 1: 38 Pars 1519 URES (MAT Set price 97.94	IF) ECU10 Change +0.18	46 1-3 day's open 00,000 High 87,94	Low 97.66	2-26 51211 Puts Est. vol. 1,957	3-30 23528 Open int
114 Est. vol. to Ecu Ecu B Mar Jun	0-18 bit Cubs 85 CNO FUT Open 97.76 96.34	0-51 1: 38 Pars 1519 URES (MAT Set price 97.94	Change +0.18 +0.12	46 1-3 day's open 00,000 High 87,94 96,48	Low 97.66 96.34	Est. vol. 1,957 205	3-30 23528 Open int
114 Est. vol. to Ecu Ecu B Mar Jun	O-18 total 65 CONO FUTT Open 97.76 96.34 EASURY E	0-51 1: 38 Pags 1519 URIES (MAT Set price 97.94 96.56	DF) ECU10 Change +0.18 +0.12 URES (CB)	46 1-3 day's open 00,000 High 87,94 96,48	Low 97.66 96.34	2-26 81211 Puts Est. vol. 1,957 205 at 100% Est. vol.	3-30 23528 Open int 6.965 50
Ecu	O-18 L Cata 85 ONO FUT Open 97.76 96.34 EASURY E Open 111-02	0-51 1:38 Pues 1519 URIES (MAT Set price 97.94 96.56 30NID FUTT Latest 111-00	IF) ECU10 Change +0.18 +0.12 URES (CB Change +0-04	46 1-3 day's open 00,000 High 87,94 96,48 T) \$100,00 High 111-11	2-05 1rr., Cath (97.66 96.34 00 32nds (1.0w 110-28	2-26 81211 Puss Esst. vol. 1,957 206 at 100% Esst. vol. 613,383	3-30 23328 Open int 4.965 50 Open int 351,179
Ecu B ECU B Mar Lun Mar Mar Mar Mar Mar Mar Mar Mar Mar	0-18 Colo 85 CONO FUT Open 97.76 96.34 EASURY E Open 111-02 110-18	0-51 1:38 Pure 1519 URIES (MA) 360 price 97.94 96.56 30ND FUTT Latest 111-00 110-16	IF) ECU10 Change +0.18 +0.12 URES (CB Change +0-04 +0-03	1-3 day's open 30,000 High 87,94 96,48 T1 \$100,00 High 111-11 110-28	Low 97.65 96.34 00 32rds c	2-26 81211 Puss Est. vol. 1,957 205 at 100% Est. vol. 613,383 58,094	3-30 23528 Open int 4,965 50 Open int 361,179 203,285
Ecu	O-18 L Cata 85 ONO FUT Open 97.76 96.34 EASURY E Open 111-02	0-51 1:38 Pues 1519 URIES (MAT Set price 97.94 96.56 30NID FUTT Latest 111-00	IF) ECU10 Change +0.18 +0.12 URES (CB Change +0-04	46 1-3 day's open 00,000 High 87,94 96,48 T) \$100,00 High 111-11	2-05 1rr., Cath (97.66 96.34 00 32nds (1.0w 110-28	2-26 81211 Puss Esst. vol. 1,957 206 at 100% Esst. vol. 613,383	3-30 23328 Open int 4.965 50 Open int 351,179
Ecu B ECU B Mar Lun Mar Mar Mar Mar Mar Mar Mar Mar Mar	0-18 Colo 85 CONO FUT Open 97.76 96.34 EASURY E Open 111-02 110-18	0-51 1:38 Pure 1519 URIES (MA) 360 price 97.94 96.56 30ND FUTT Latest 111-00 110-16	IF) ECU10 Change +0.18 +0.12 URES (CB Change +0-04 +0-03	1-3 day's open 00,000 High 87,94 96,48 T1 \$100,00 High 111-11 110-28	Low 97.65 96.34 00 32nds c	2-26 81211 Puss Est. vol. 1,957 205 at 100% Est. vol. 613,383 58,094	3-30 23528 Open int 6,985 50 Open int 361,179 203,285
Ecu BECU B Mar Jun US E US TRU	0-18 at Cults at Control of Contr	O-S1 1: 38 Page 1519 URES (MAT Set price 97.94 96.55 ONIO FUTT Latest 111-00 110-15 110-02	OF 1- Previous OF ECUTO Change +0.18 +0.12 URES (CB Change +0-04 +0-03 +0-03	1-3 day's open 20,000 High 87,94 96,48 T) \$100,00 High 111-11 110-28 110-05	Low 97.65 96.34 00 32nds c Low 110-28 110-13	Est. vol. 1,957 205 at 100% Est. vol. 613,383 58,094 2,518	3-30 23528 Open int 6,985 50 Open int 361,179 203,285
Ecu BECU B Mar Jun US E US TRU	0-18 at Cults at Control of Contr	0-51 1. 39 Page 1519 URES (MAT Set price 97.94 96.55 20ND FUTT Latext 111-00 110-15 110-02	OF 1- Previous OF ECUTO Change +0.18 +0.12 URES (CB Change +0-04 +0-03 +0-03	1-3 day's open 20,000 High 87,94 96,48 T) \$100,00 High 111-11 110-28 110-05	Low 97.65 96.34 00 32nds c Low 110-28 110-13	Est. vol. 1,957 205 at 100% Est. vol. 613,383 58,094 2,518	3-30 23528 Open int 4,965 50 Open int 361,179 203,285
Ecu BECU B Mar Jun US E US TRU	0-18 as Color as Cono Futt Open 97.76 96.34 Cono Futt Open 111-02 110-18 110-00 NAL LONG 1100m 11	O-S1 1. 38 Page 1519 Set price 97.94 96.55 SOND FUTT Latest 111-00 110-16 110-02 G TERM J. 00ths of 10	OF 1- Previous OF ECUTO Change +0.18 +0.12 URES (CB Change +0-04 +0-03 +0-03	1-3 day's open 20,000 High 87,94 96,48 T1,5100,00 High 111-11 110-28 110-05	Low 97.65 96.34 00 32rds c Low 110-28 110-13 110-00	Est. vol. 1,957 205 at 100% Est. vol. 613,383 58,094 2,518	3-30 23578 Open int 4.965 50 Open int 351,179 203,285 11,386

		late																	
Mones	int '	letd Red	Price E -	+ Or -	52 e	LOW	Notes	Ē,	Red	Price E -	- u -	52 t	LOW	Notes	(i)	(2) Price E	+0-	- 52 s	182A .
orts" (Lives up to Five Y	oers)				П		1ress 71 ₂ pe 2006##	7.33	7,13	1025	+13	1032	9432	index-(Inlex) (b)				_	
th 10 ¹ 20¢ 1997	10.49	-	1004		107,4	100	Trees 7 kpc 200611	7.47		103[2]		107%	95.2	45-pc '98## (135.6)	-	1.78 114/5		1145	1112
ms Cor 7pc 1997#‡	8.98	6.06			107.2	100,3	Treas Soc 2002-611	7.72		103/3		194.	97%	21 ₂₀ c 01(78.3)	249	3.11 1865	44	18713	1761
24 6 kpc 1997‡‡	A.54		01/20		10733	107人	Trace 11 Lpc 2003-7	9.60		12213=		1242		21200 03(78.5)	2.74	3 19 1837		184	171
h 15pc 1997	14.27	8,14	10513		114%	10233					-			43-00 10417[135.6] 2pc 106	2.80	320 1197	+4	1202 1861	112
th 9%pc 1998 as 7%pc 1998tt	9.47 7.18	6.22	10213	+4	106 <u>().</u> 109 <u>13</u>		Treat 8120c 2007 ##	7.77	7.17	109,2		11033	107.2	26 pg '09	1.06	331 175	775	76%	161
151 ₂ pc 98‡‡	13.67	6.46	11343	7		1137	Tuess 7 1/40c 2007##	719	7.12	10012		10133	97	25sc 1174.8	3.14	3.36 1812	*11	63.	166
1200 1998	11.03	5.46	108/3	72	1146	106	7reas Spc 2006 ##	7.92	7.22	11343	+13	11433	10011	21 ₂₀₀ 15	3.19	3.36 1495	-76	15033	136
8 91 ₂₉₆ 1999##	904	6.50	1051	4	1081	9713	Treas 8pc 2009	7.61	7.27	1052	4	1035		21/200 16 61 E	3.25	343 15933	- 1	1514	145
3 Fito Rate 1990##		_	1004	-:	100.7	997	Trees & 1/4pc 2010##	6.90	7.23	9012	+32	9112	814	21200 20	773	146 1534		1544	138
124ac 1999	11.05	8.59	11066	-4	1163	1103	Corry Rpc Ln 2011 ##	7.85	72	1142	+1	11533	1045	21200 244 [87.7]	1.35	10 17%			115
101 ₂ 9c 1999	9.73	6.51	10733	-1	111夏	107			-		.,.			41-pc 30#(135.11	3.35	3.48 125/24		1267	113
o Spc 1999 ##	6.07	6.58	9833	-7	9914	96								Prospective real redem					
rersion 10 ¹ 4pc 1999	9.43		1083,		11833	107%								10% and (2) 5%, (b) Fig.					
9pc 2000##	5.48		OL YAN		106点	100]]								indexing §6 8 months planted rebesting of RPI	for to	eavey and no	VE COOR	30/45	50 U
g 13pc 2000	10.97	6.77	11813	+4	123 3	1174	Over Fiftnes Years							factor 3.945. RPI for a					
5 14pc 1998-1	12.86	6.42	10813		11672	105%	Trees Spc 2012##	7.82	7.33	1154	-12	116.	1041	154.4.	H45 154		~ ~		1241
s 8pc 2000##	766	6.73	104		10433	1013	Treas 5/apr 2008-1211_	5.49	_	8413.00	يلو	851	75%	10-01					
Fito Rate 2001	5.67	-	10055		100%	98-2	insus Box 201311	7.55	7.35		_	_	_						
10pc 2001	9.03 6.96	9.03	110%		1134	10033				10523		1072	354						
7pc 2001 #	0.20	5 84	100 <u>13</u>	+4	IVE S	9612	Treat 74cc 2012-1544	7.50	7,36	1037		104弦	828						
							Treas Spc 2015##	7.50	7.33	1063		1四寶	95/1						
							Texas 84:pc 2017#	7 8G	7.38	1143	+5	11513	10212	Other Fixed In	tere	est			
							Trapes Apr: 2021##	7.45	7,32	107,2	+33	1084	9533						
												-				-		57-	

Price Indices UK GEts	Thu Feb 27	Day's change %	Wed Feb 26	Accrued	xd adj. ytd		- Low Feb 27	coupon Feb 26	yield - Yr. ego	Feb 27	Feb 26	n yield Yr, ago	- High Feb 27	Feb 26	o yiek 5 Yr, a
1 Up to 5 years (19)	121.03	0.05	120.87	2.09	2,45	5 yms	6.85	6.88	7,28	6.02	6.96	7.32	6.96	7.00	7,4
2 5-15 years (21)	152.61	0.29	152,55	2,44	1.93	15 yrs	7.93	7,37	8.11	7,32	7.37	£13	7.27	7.39	8.2
3 Over 15 years (6)	175.06	0.54	174.21	4.04	2.31	20 yrs	7.A2	7.45	8.21	7.37	7.42	8.21	7.29	7.42	8.3
4 (medeemables (5) 5 At stocks (51)	202,37 148.54	-0.14 0.26	202,65 148,35	3.52	1,00 2,25	irrect, †	7,51	7.49	8.28						
2 W seriora (21)	740.34	0.26	140,33	2.82	223				***			lation 1			
Indux-linked								Teb 2		0			Yr. ego	•	
e Up to 6 years (2)	208.42	0,04	206.34	2.45	0,00	Up to 5 ym	3,00	3.04	2,74		2.31	2.32	1.45		
7 Over 5 years (10)	199,33	. 0.15	199.03	0.93	1.81	Over 8 yrs	3.40	3,41	3.73	1	3.19	3.20	3.52		
B All stocks (12)	199,00	0.14	198.73	1.09	1.61										
Average gross reclamption	yields are si	hown showe, I	Coupon Ben	chi: Lows 096-	7%%; Max	Punt 896-1045	K: High:	11% and 1	over, † 19	nt yfeld, yf	d Year to	chate.			
FT Fixed Interes	t Indice	•				Gilt	Fdge	d Acti	vity In	dires					
		Feb 25 Feb	24 Feb 2	1 Yrago	High Lo		Lugu				ob 25	Feb 24	Feb 1	21	Feb 2
Govt. Secs. (UK) 96	34 96.04	96.40 96	20 96,64	93.05	8.74 91	.59 GET I	dged b	erpains		NA ·	100.0	95.8	01	.5	88.3
Fixed interest 118	AT 119 79	110 00 110	00 120 15	111.82 12	20 18 110	74 Adm	SVOTER			NA.	93.0	91,3	96		99.3

_			IAL I	301	VD S	ERVICE								
		_	_			fecusto sepandary market. Lutest pri	W M .	740 nm	en F	-two	N 27			_
			Offer	-		lasued					housed	Bid	Offer (the Ylek
	AR STRAIGHTS					Spen 714 03 4000	1114	1112		5.01	Abbey Nat Treesury 8 03 E 1000	103		+4 73
bbey Na	Transury 5-2 03 100	0 967	96 ¹		6.72 7.13	Volkswaren infi Fin 7 03	1087	100	4	5.31	Religh Land RZ, 23 C 150	1041	1045	-7 8.6
ncan De	Bank 7 ¹ 4 03 100 Bk 7 ¹ 23 50	984	100%		7.36	World Bank 5% 03 3000 World Bank 6% 02 3000 World Bank 7% 05 3000	1054	1087	***	4.71	Denmuk 6% 98 £ 800 Depta Pinance 7% 03 £ 500	10012	100°s	
DOTE PT	Mince 7% 96 100	O NO.	102	ير.	6.23	World Bank 71 05 9000	1114	1111	+	5.38	BB 8 00 £	1044		+4 7.4 +8 7.1
stan Dev	Berk 64 03 75	974	974		6.80				-		Polend 7 00 P	10012	100%	6.B
usina 87	00 40 ent L-Pn 8½ 00 100	0 100-7	1055	1	6.41 6.43	SWISS FRANC STRAIGHTS Asion Dev Bank 0 18	472-	421-		4.62	Giano Wellcome 84 05 E 500	1067	1071 _E	+4 75
TOO IN	174 04 100	0 824	27	-15	8.96	Austro 4 ³ 2 00 1000	1064		+34	2.12		1174	117 ¹ 2 125 ³ 8	7,8 +5 7.7
ank Ned	74 04 100 Gerneenten 7 99 100	0 10112	1014			Austra 42 00 1000 Dermark 44 99 1000	10512	10312	+4	2.04	Japan Dev Bk 7 00 £ 200	100	100%	+ 67
ayer Vere	instat 8 ¹ z 00 50 z 03 100	0 1044	1042	4		ES 34, 99 1000	10342	10312		4.16	Tand Sees DI- D7 C			+ 7.8
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Fire and the

SHEFFIELD

The Sheffield Development Corporation strategy has created 18,000 new jobs and stimulated £638m of private investment in the Lower Don Valley - with the help of £108m of public funds. Ian Hamilton Fazey reports

An effective example of industrial regeneration

Sheffield is congratulating itself this week, celebrating the winding-up of the Sheffield Development Corporation, its job done. The governmentmore than £108m of public funds regenerating the Lower Don Valley, home of much of Sheffield's ateel, metal processing and manufacturing industry.

The corporation's regenerdecrepit, contaminated industrial land into a clean and pleasant mixture of new factories and refurbished old ones, busy retail centres, and light and airy, modern

There are 18,000 new johs, £638m. By any standards, this has been one of the most effective single pleces of economic and industrial regeneration in the developed world, and must rank with notable achievements such as those at Pittsburgh and Lowell in the US.

As the old saying goes, success has many parents;

already claimed their share of the credit in debates to wind up the corporation, a backed quango, forced on statutory body with its own the Labour-controlled city planning powers. Mr Gra-nine years ago, has spent bam Kendall, the corporstion's chief executive, says that throughout the city, those who have not actually done the work have done the next best thing and claimed parenthood.

Its origins, however, lie ation strategy has worked, with a team of Coopers & The city council would turning a six-mile swathe of Lybrand consultants also bave insisted on some brought in a decade ago to decontaminated land being advise the city, the government and the private sector on what they should do. The basic strategy was assembly gleaming car sbowrooms and decontamination of land for development, plus better infrastructure. The government agreed with the plan a new airport, and the pri-but did not trust the city vate sector has invested council to deliver it, setting up the corporation instead to do the job.

Mr Mike Bower, leader of

honest, I wouldn't bave citywlde view of priorities. Given the way health, education and social services have suffered in the past few years, we would have been failure is an orphan. Mem- very hard pressed not to keep better-educated young



Warehouses at Victoria Quays are now offices (above) and the 12 O'Clock Court offices scheme is on the site of a pub with the same name

have raided some of the money. If you are to sustain regeneration, you need the discipline that comes from a specialised remit."

The city council would reserved for manufacturing. rather than given over to retailing. The corporation says the manufacturers would never bave come. Moreover, retail developments have uplifted the area, paving the way for office developments that would also never have taken place if nearby sites had remained empty, derelict, or been filled with visually the city council, says: "To be unappealing industry.

This has proved crucial to trusted us either. We take a achieving a better-halanced local economy. Ten years ago. Sheffield was a predominantly blue-collar city with few of the professional and financial services needed to

people in the area, stabilise says these changes are havthe city's white-collar middle ing a wider social impact class and help to retain local decisioo-making in industry.

Mr David Hall, chief executive of Firth Rixson - a successor to the old Sheffield metal processing business of than the UK average and "When the city was dying, reverse is now true. we didn't want to know. We would not have stayed if the now be proud of the place." His own company, a good

Stock Exchange, typifies sands of the new jobs have some of Sheffield's other been for part-time women changes. It is doing better than ever in its history, but employed 20 years ago.

Mr Keith Davie, chief exec-utive of the Sheffield Train-and the lowest-paid. Mr ing and Enterprise Council. Bower thinks the city has companies to those which

than could have been predicted. When steel and metal

Johnson Firth Brown - says; wages were bigber. The Against this, while unemployment is currently 8.6 per city had not regenerated. We cent compared with UK's 6.7 have six factories in the UK per ceot, it was more than 15 and two in the US. We per cent 12 years ago. Howmoved our beadquarters to ever, total numbers of jobs Manchester but returned to in the city have fallen by 3 Sheffield because we can per cent, while full-time male unemployment has crashed by 31 per cent since performer on the London 1981. It follows that thou-

processiog were more

HALL BY

workers. The social impact is worswith one-fifth of the labour it ened by a wide disparity of earnings between those in

yet to come to terms with

EEE STOLE OF THE STATE OF THE

Numbers of high earners are, nevertheless, growing. Broomheads, the well-known labour-intensive, Sheffield's Sheffield solicitors, is now unemployment was lower an important component of Dibb Lupton Alsop, one of the UK's largest law firms with 1,600 staff and a £100m annual turnover. It has 240 staff in Sbeffield, compared with 150 when it was Broom-

Regeneration has brought local competition, with Nabarro Nathanson setting up an office employing 230 staff in a new building on the spectacularly reclaimed Victoria Quays, a formerly derelict canal basin eyesore near the city centre.

Irwin Mitchell, another large law firm, has also grown, not least by repre-senting former steelworkers in sickness and injury claims against the successor



Friday February 28 1997

once employed them.

There are larger numbers of less well-rewarded professional and clerical jobs in new offices opened in the Lower Don Valley by Norwich Union insurance. Abbey National financial services and Sears-Freeman mail order. Abbey National, nearly twice as hig next

has operated for 21 years from Sheffleld, assisting small husinesses and creating jobs in steel closure areas throughout the UK. Mr Hambidge has taken a Vernon Smith, its chief exec-senior job with a firm of conutive, says all jobs are jobs. even if they are not in manufacturing, although the latter are to be preferred.

Moreover, services deliver more: Three-Star Engineering's new factory in the be less committed to spend-Lower Don Valley is of a ing the hours of voluntary similar size to Sears-Free- work that made the city's man's new call cantre, a partnership work. short distance away, but the former will create only 250 jobs against the latter's 800. "Unemployment is one of

the curses of our society." says Mr Hugh Sykes, the attempt to keep the momenlocal business leader tum going across the city as brought in by the government to chair the development corporation. That is a now dictate matters, with principle that has always project-by-project developguided us."

did not agree there was a Hambidge puts it; "We'va need to establish the develhad our £108m. There's no opment corporation, but more where that came once it was imposed on us from." we agreed to co-operate with each other. Wa have dis- that the money has been agreed about some things, well spent.

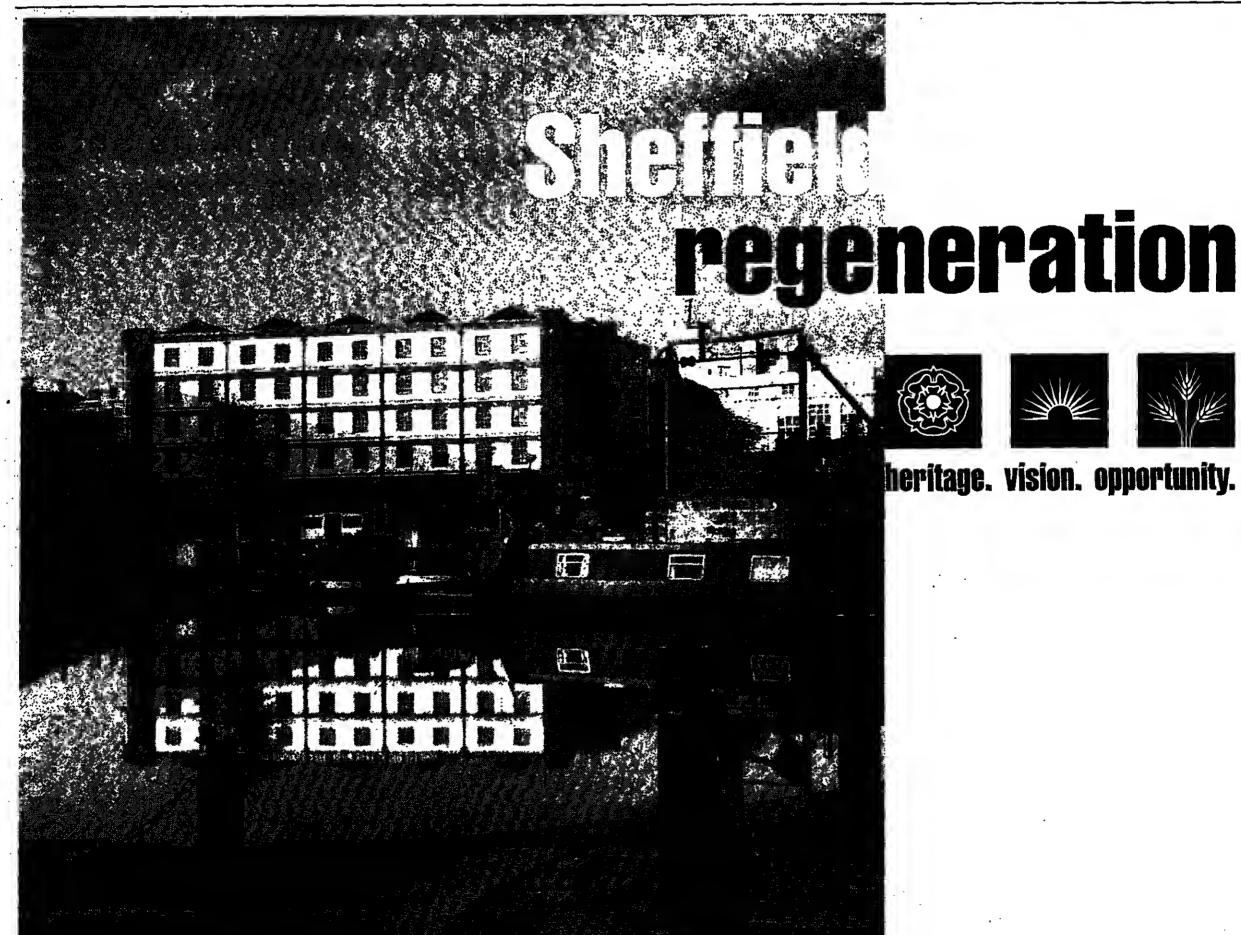
but we have agreed on about 97 per cent of what has hap-

Progress was helped greatly by an effective working partnership between public and private sectors. Many private sector leaders were prominent, such as Mr Richard Field, the current which started with a 35,000 Master Cutler, Mr Norman sq ft building, is adding one Adsetts, chairman of Sheffield Insulations, Mr Alan Bamford, chief executive of None of this worries Brit-ish Steel (Industry), which John Hambidge, then director of the city's Chamber of

Commerce. Mr Adsetts and Mr Bamford have now retired and sultants. Mr Sykes is 64. Mr Hambidga worries that because the urgency has gone from Sheffield's problems, the next generation of private sector leaders may

Mr Bower, bowever, is nevertheless trying to interest the private sector in a successor body to the development corporation in an whole, not just in the Lower Don Valley. The market will ment if private sector back-Mr Bower concurs: "We ers can be found. As Mr

At least everyone agraes



Focus will be on business travellers

Niche markets will be the key to success for this specialised Stol project

lts own airport will end next month when the new Sheferound.

The airport will be a speciaircraft. This will confine its investors passenger traffic to 100-seaby British Aerospace or the air traffic control tower smaller aircraft, but lack of and passenger terminal are size is no bar to amhltion.

However, this will not entail taking on the neighbouring giant at Manchester. the UK's northern hub, only 35 miles away. Sheffield will be chasing short-haul, timeconscious business travellers. The airport is a mere 10 minutes from Sheffield city centre and only a few hundred metres from the M1 motorway, with two handy exits to feed it.

It may serve niche markets, for example husiness travellers wanting to get quickly to destinations such as London City Air-port - which is of similar size - or Brussels, Paris or Amsterdam. Other niches are business charters, or regular services to difficult-toreach destinations such as Aberdeen, where many Sheffield manufacturers have customers in the oil busl-

Manchester - an hour away because of single-carriageway Peak District at Gampston in Nottinghamroads - or Leeds-Bradford, the wrong side of the West Yorkshire conurbation, or the East Midlands, a similar distance south down the M1, of these are expected to are thought far enough away to give a local Stol airport with a 15-minute check-in tims a possibly competitive

We are trying not to raise business travel.

The question is whether appropriate airlines will take the risk of laying on services. Feeder flights to Schithere are no commitments with a business park or a changed hands for £1.

Mrs Rawnsley says air strip. taxis can also be cost-effecexecutives need to go to a meeting within 1,000 miles. Mr Hugh Sykes, chairman

distinction of being the larg- Corporation, is confident est city in Europe without that incoming air taxis and business charters, particularly from northern Europe, field City Airport becomes will use the airport for day operational, ending years of trips to meetings that would doubt that it and its aircraft otherwise consume two days would ever get off the or more of each executive's

He thinks this will help alised one, limited to short make Sheffield more appealtake-off and landing (Stol) ing to potential luward

Last mouth, three 20-seaters, such as the RJ series of ter helicopters tried out the four-engine turbofans built new airport - even though



Hugh Sykes: he is confident that general aviation traffic will quickly establish itself

still under construction - bringing in VIPs to celebrate the opening of the latest Rolls-Royce car sales franchise in the nearby Lower Don Valley.

Mr Sykes is also sure that general aviation traffic will quickly establish itself: surveys of private aircraft based shire and at Humberside airport, showed significant numbers owned by Sheffield people and companies. Most transfer,

However, Tinsley Park, a property development company which owns the airnot got all of its eggs in one director of administration. a former UK managing part-"This will not be a bucket- ner of Arthur Andersen, and and-spade operation for backed hy Mr Andrew Sahire flights to Majorca. It is going and a group of co-investors, to be a husiness airport at has got together with the the high quality end of the government-hacked English acre husiness park alongside

the runway. indeed, the husiness park's dimensions - Its 800,000 sq ft of huildings will he split pol could help fill KLM half-and-half between officejumbo jets - saving at least commercial and light industwo hours on the journey via trial uses - pose the question Manchester to catch an as to whether the £6m devel-Amsterdam flight - hut opment will he an airport

Because of its location market if, say, half s dozen park should be marketable unique selling point.

Good security will be another: apart from airports in general being well guarded, the business park's first tenant will he South Yorkshire police, with a 24-hr operational depot for motorway patrol cars and other equipment, as well as the base for the police heli-

One reason why the whole scheme may work is that the airport is starting with a clean sheet and deep enough pockets. The development corporation is handing over the site serviced with new road links and debt-free. Moreover, the 28m of funding includes a sinking fund of £850.000 to cover initlal

Freedom from debt has been made possible by the way the site was prepared, although the whole scheme nearly foundered when the initial private sector backer went out of business.

The development corporation sold the site - which had for decades been used as a tip by neighbouring industry - for £1 to British Coal. Under the rubbish was a seam of coal, which was then removed using opencast methods.

Profits from the mining more than paid for the site to be restored, the runway to be huilt and the ground prepared for the business park, so Tinsley Park could come in with the bulk of downside risk eliminated.

The first light aircraft tried out the runway in December. The fire chief has been recruited from Manchester Airport and has ordered a fire engine. Job applicants are being interviewed. Services should hegin within weeks.

Hard-headed Sheffield businessmen who use Manport, has made sure it has chester regularly - especially those who live in or public expectations," says hasket. The company, near the Peak District - are Mrs Joanne Rawnsley, the chaired by Mr David Haxby, sceptical about the airport'e prospects, hnt all agree that baving any sort of airport will be good for Sheffield's image, however limited its

> and listed in husiness travel field's product," says Mr

> Having cost little and starting unencumhered with debt, it may well be able to survive financially with only modest traffic levels. Not bad for a rubbish tip that

TOWARDS 2000 • by Richard Wolffe

Ambitious celebration plans

The council has a £100m plan to improve the character of the city centre

tive in the husiness travel near the M1, the husiness The sight of four large steel drums rising over Sheffield's anyway: piggy-backing a city centre in the next 18 small airport development months may seem like just on the back of it gives the another monument to the Sheffield's duhious of Sheffield Development park an unusual if not city's manufacturing heritage. But the four drums actually represent part of Sheffield's amhitious plans to celebrate its cultural heritage as It approaches the millennium.

The four drums will house pop music, and arguably the first museum of its kind in the world. The National Centre for Popular Music, huilt in the heart of Sheffield's cultural industries quar- and Joe Cocker - the center - the home to dozens of emall media husinessee, including music and film companies - is designed to be a mixture of the arts and

Using interactive displays with andio-visual and CD-Rom technology, the centre aims to tell the story of the development of popular music across the world over the past 50 years.

Mr Stuart Rogers, chief executive of the centre, said: "Popular music is an art city's leisure industries. form and should be recognised as one. We also believe that popular music has had the most significant cultural impact on the world of any art form over the past 40 to

The £15m centre, due to city centre, end develop open in the summer of 1998. has already won National Lottery funding, via the Arts Council, worth £11m. Although Sheffield is proud spring, will involve re-model-

the UK's first museum of Stuart Rogers (centre), chief executive of the National Centre for Popular Music, reviews a model of of its success in pop music ling the central Peace Garing cars near the town hall.

the centre with (left) Pulp drummer Nick Banks and Pulp guitarist Russell Senior

Pulp. The Human League offices for council staff. The tre's organisers are keen to avoid a UK or US bias. By presenting a wider his-

tory of music, they hope to attract 500,000 visitors a year with high-tech exhibitions including what is claimed to be the world's first anditorium built for "three dimensignal" or surround sound. But the music centre is only part of substantial

field ahead of the millennium, based around the The city's flagship project aims to re-shape the face of the central core around the town hall over the next five years. Sheffield council plans a £100m project to

regeneration plans in Shef-

space vacated by its own shrinking workforce. The millennium project. which is due to begin this

improve the character of the

- producing artists such as dens and building new council plans to demolish its ugly mid-1970s extension, popularly known as "the egg box", and build a five-star hotel with 210 bedrooms in its place.

Sheffield has drawn up a £39m construction package which includes a new Millennium Gallery. The gallery will house a satellite collection from London's Victoria and Albert Museum, as well as a local collection celebrating steel crafts.

In addition, the council plans to build a Winter Garden, or covered walkway, linking Peace Gardens with Tudor Square. The Millannium Commission has agreed in principle to the plans, and has already granted £2.95m for work on Peace Gardens

The city's aim is to create a city centre which will attract visitors at all times of the day, and highlight its historic huildings hy banish- ing hours, particularly

Mr Narendra Bajaria, chief planning officer at Sheffield council, said: "We want to create new spaces which are used not only in the summer months but also in winter and in the evenings. We also want to bring out all the historical buildings and light them up, so that people can see their local heritage."

Peace Gardens, which is likely to be renamed, is expected to become a centre for outdoor music, with an international buskers' festival planned this year. But the key to the project's chances of success is encouraging cafes and restaurants into the area. The Winter Garden project is central to this, with the aim of luring visitors to the Crucible or Lyceum theatres to stay in the city centre rather than leaving immediately after performances.

However, Sheffield is just as keen to attract people into the city centre during workhas sharply declined from 34,000 to 19,000 over the past five years. Part of the site of the demolished "egg hox" will be used to build a 250,000 sq ft office complex designed to attract a large. financial or professional services company.

"What we are trying to do is to create an identity," said Mr Bajaria. "People arrive at". the rail station now and ask where the city centre is. We are also concerned ahout the lack of investment in the city centre and want to create a suitable site for the corporate headquarters of an inward investor."

Meanwhile, Sheffield is further building on the legacy of the World Student Games in 1991. Using National Lottery funds, the city is about to begin construction of a £15m National Ice Centre close to Sheffield Arena. The ice centre has already won £12.5m of Lottery cash via the Sports Council to construct two rinks, in what is billed as. Europe's hest ice facility. The organisers hope to stage international skating events. for the first time in the UK. But they also want to transform the general image of ice rinks when the centre opens in two years' time.

Mr Steve Brailey, chief executive of Sheffield International Venues, which took over the student games buildings, said: "We are trying to turn the image of an ice rink from a pretty run-down place into somewhere you might go to for a. night out. We want to take it out of the era when you have to sit in your overcoat drinking a luke-warm cup of tea, and build something world class."

NEW INDUSTRIES • by Richard Wolffe

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Newcomers are specialising in environmental, high-tech and media businesses

The Sanderson Electronics name may he known to football supporters across the country, hut few have any ldea what the Sheffieldbased company sells or who Its customers are. With its prominent adver-

The city's name will be in of both Sheffield Wednesday annual licensing fees which market, geared to European Partnerships to develop a 50- worldwide airport directories and Southampton, Sander- run from year to year. son Electronics is in the databases. "It extends Shef- strange position of commanding both national recognition and widespread ignorance. The ignorance is partly the

result of Sanderson's concentration on highly specialised software services for corporate customers. Its football advertising is not so much aimed at the general public but is used as a talking point when approaching new corporate clients. Nevertheless, the football shirts also signal its ambitious plans to join the premier league of international software compa-

Sanderson, launched in Sheffield in 1983 as the computer arm of an engineering business, now has a total workforce of about 1.000 in the UK. Pacific Rim and the US. It plans to maintain its growth by lifting earnings by 15 per cent year-on-year. particularly through acquisitions and expansion in the

Pre-tax profits rose 17 per sales up from £57.8m to £61.4m last year.

Sanderson's leading product is in the niche market of application software, sold to individual companies - whether in manufacturing or services - to run their IT systems. By selling and developing the software package at the heart of a company's computer

include legal practices, local ucts but at the same time government, food processors and mail order companies.

The formula has led to long relationships with Its customers. Three clients have been on board since its launch 14 years ago, and Sanderson helieves It can hold on to its customer base for up to 20 years. Such longevity gives it solld financial foundations too, because a staff working to huild qualtising on the football shirts third of its sales are from ity products, and there is no

> Mr Christopher Winn, chief executive, said: "One of the good things about application software is that it is highly specialised. In something like mail order software, the total value of the market in the UK is probably around £8m, and we have £2.5m of that. In terms of the IT industry it may be small, hut we dominate this

Sanderson typifies the new industries which have given Sheffield a strong and fastgrowing collection of hightech and media husinesses.

At the retail end of the market. Gremlin Interactive has built a solid reputation in the highly competitive world of games software - for PCs and dedicated games machines such es Sony's PlayStation. Over the past five years, pre-tax profits have grown from £114,000 to £2.9m on sales up from

Gremlin's growth - its staff has risen from 40 to 160 over the same period - owes cent from £5.3m to £6.2m on much to its use of "motion capture" systems. These reproduce physical movements to generate "real life" action in games such as its football simulation. Actua Soccer. The company is now working with Motion Analysis Corporation of California to capture facial movements for a new generation of

Mr Philip Hill, finance operations, Sanderson is also director, said: "I think the

with hardware and net- we have managed to come works. Its specialist sectors out with new creative prodcontrolled our costs and production schedules. If you can do hoth, there is clearly money to be made here.

"But it is the mentality of our designers which is vital. We take on computer science or maths graduates with a creative edge, and we are a company that is keen to succeed. All you need is quality reason why that should not happen in Sheffield, any

more than Los Angeles." Gremlin, which is pri-vately owned, is still small fry compared to Electronic Arts of the US and Virgin in the UK. But it nevertheless manages to sell two-thirds of its games ontside the UK. and is planning further growth in the US with new sports titles hased on golf

However, Sheffield's new high-tech industries are not confined to computer-related markets. The city is also developing a niche in using new technologies to clean up the environment

City Energy is planning to open a £30m tyre-recycling and power plant in 1998 in the Lower Don Valley, using new technology which limits emissions. The project, which has won £1m of EU funds via Sheffield council. uses pyrolysis gas which "cooks" the tyres without using oxygen. It is the first of its kind in the UK.

The plant will distil the tyres into its component gases and oils, selling the oils hack to industry and using the gas to generate electricity.

Meanwhile. Response Environmental Services is using technology developed

microhiology department to decontaminate land and treat effluent. Response has already won

contracts from Railtrack to clean diesel spillages at stations such as Manchester. Piccadilly, hy using bacteria which is effective against ... hydrocarbons in petrochemicals. It is also winning work from factories which are keen to clean up their effluent and reduce their ntility

Mr John Phillips, chairman, said: "It takes quite a long time to get new technologles into established thinking and this is an embryonic science. But there are very few companies in the game, and we focus on technology that gives cost-savings or is driven by new legislation. It is still the case that industry doesn't do anything out of the goodness of its heart for the sake of the environ-

at the sharp end of sheffield success **Annual Accounts** Management Accounts Budgets Cashflows **Audit Taxation** Financial Advice **Business Valuation** Grants Trusts **VAT Returns** Payroll Information Technology 2 Rutland Park, Sheffield S10 2PD. Tel: 0114 266 7171 Fax: 0114 266 9846

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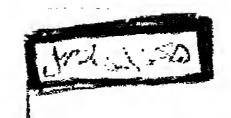
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The Lower Don Valley

SHEFFIELD III

New factories are springing up

A remarkable event took place in Sheffield last dealership for Rolls-Royce cars opened in the Lower Don Valley. It was remarkable because 10 years ago the valley comprised six miles of dirty, rundown, ecrepit industrial estate hetween Sheffield city entre and the MI.

The valley was one of the st depressing symbols of industrial decline and obsolescence anywhere in Europe. It boused the bulk of Sheffield's steel and metal rocessing industries. Many of the factories had closed. Most of those remaining looked unpleasant and

There were acres of old slum housing where steelworkers lived. Many of the houses had strange holes beneath them where the occupants had lifted the floorboards to dig out coal lying just beneath the surface. When their own supply was exhausted, they burrowed sideways under their neighbours' homes.

Land was poisoned with industrial waste that included heavy metals. PCBs, potassium, sulphur, ashestos and other dangerous chemicals, often capped with as much as 20ft of concrete to build a factory on. When reclamation began on one site and the top layer of contamination was removed. the next layer down burst spontaneously into flames hecause it contained so much phosphorus.

It followed that most land was worthless, although it had a value in the books of the companies that owned it. But it was impossible for them to develop or sell it because the cost of decontamination would have been more than the

land would have fetched. Yet today this land is worth between £90,000 and £200,000 an acre, depending on whether it is for

and brought up to developable condition. New factories are springing up almost by the month, some in buff-coloured brick cladding that would have been blackened in months in

the Lower Don Valley of old. Within half a mile of the new Rolls-Royce dealership are another half-dozen new or refurbished car sales centres. At the M1 end of the valley, on the site once occupled by Hadfields steelworks, the gigantic Meadowhall Centre last year pulled in more than 30m shoppers, marking six years of 10 per cent annual growth. Meadowhall and its shops employ 6,900 permanent staff, with

another 2,000 available

during the pre-Christmas

Shopping rush. Nearby are new offices for accountancy firms and management consultants. A little way up-river towards Sheffield are modern steel and glass buildings housing substantial financial services operations for Norwich Union and Abbey National. A new call centre for Freemans, the mail order company, will open shortly.

Decrepit factories have gone; slum housing bas been demolished, their "coal holes" filled in; dereliction has been eliminated. There is e balanced industrial structure of manufacturing. retail and professional services. New industries of sport and entertainment have been created by the building of the Don Valley Stadium and the indoor Sheffield Arena.

Meanwhile, steel and metal processing companies based in the valley have been cleaning up re-cladding their buildings to give them a modern look, and brightening them up with well-designed signs and logos.

Where possible, the road infrastructure has been upgraded to dual carriageways; there are

THE SUPERTRAM • by Ian Hamilton Fazey

Successful at a price

Because it is losing money, the project is set to become an election issue

neering and passenger-carrying success Trams glide impressively

over 29km of tracks along three principal transport corridors and the system has greatly enhanced appearances around the Cathedral and the Cutlers' Hall. There are 40 per cent more passengers, week for week, than

There, however, enthusiasm for the system runs into argument and accusations. Among other things, the

Supertram is losing money. The system was built with £240m of public funds by South Yorkshire Passenger Transport Executive and started operating in 1994 on the understanding that debts would be cleared by privatisation. The sale is due to be completed by the end of next month, but no one expects the proceeds to come anywhere near meeting the £87m needed to cover tha Supertram's liabilities.

Moreover, some potential operators have proposed paying what would be a negative sum by demanding that operating costs be subsidised by the transport executive for five years to cover losses while the fram establishes its market.

If there is a shortfall from the sale, it will have to be met by the four councils of South Yorkshire via a pre-cept on council taxee imposed by the transport executive. The impact of this would be as much as £140 on every council tax bill. The residents of Barnsley, Rotherham and Doncaster, where the tram does not even run, are understandably even upset by this prospect than their Sheffield neigh-

The government has offered the transport executive an extra £20m in credit approvals - in effect meaning taxpayers would service that amount of debt - as well as an option to capitalise some items to reduce current account obligations.

However, the four councils

understanding that the government would bridge any gap between the sale proceeds and the £87m. The government denies any agreement and the Supertrain will There is little doubt that almost certainly figure Sheffield's Supertram is nationally in the general proving a technical, engi- election campaign because all four South Yorkshire councils are solidly Labour. . If the tram system were

what they believe was a tacit

making money, of course, things would be different because a higher price could have been demanded in the privatisation. However, Mr Mike Bower, leader of Sheffield city council, says government transport policy made losses inevitable.

The original plan was for the trams to integrate with publicly controlled hus routes, so that buses and trams would complement each other. Mr Bower says this was scuppered by the government's enforced deregulation and privatisation of local bus services, which has resulted in pri-vately-owned bus companies competing with the trams instead of complementing

Mr Eric Newman, chairman of the Supertram company, admits thet an increase in "ridership" - the term used by all involved to describe the process of making a journey on a tram - has been partly brought about by discounted fares that have not helped profitability, although they have converted many people to future ridership after they have experienced the trams'

comfort and speed. There are echoes here of tha Sheffield Arena, the Don Valley Stadium and the Ponds Forge International Swimming Pool, built by the city council for the 1991 World Student Games from controversial borrowings. The Games were a damaging, loss-making fiasco, but the capital assets remain to Sheffield's credit and have brought longer-term economic benefits that could not have been forecast et the

Many believe tha Supertram will almost certainly be seen one dey as similarly essential infrastructure for e modern European city - but not before it has played its part as a general election

mini-systems in other places, although one bistoric 'canyon" composed of tall redbrick frontages to working factories owned by Sheffield Forgemasters is being cleaned and narrow thoroughfare as e

reminder of yesteryear. These improvements bave been driven through by the Sheffield Development Corporation which was set up in 1978 to regenerate the valley. However, credit for

The outcome was in doubt for some time

the original bloeprint must go to Mr Mel Burrell who 10 years ago led e team of Coopers & Lybrand consultants, paid for by government, the local authority and the private sector, to work out what should be done. Mr Burrell, who now

heads St Paul's Developments, e private sector regeoeratioo

uearby Dearne Valley coal closure area, says the original plan's only important error was to underestimate tha amount and costs of

decontamination. The basic approach - of buying land and assembling sites from multiple ownership, and then clearing and cleaning It to make it developable by rivate sector investors with little or no downside risk has worked.

Originally, Sheffield city council wanted to run the strategy itself but the government refused to fund it without beving coutro). Sheffield Development Corporation was therefore forced on the city and given its own planning powers.

Chaired by Mr Hugh Sykes, e successful locally-based businessman it has had its ups and downs, including tensions a the lop thet saw the original managemeot leam replaced. But Mr Sykes and Mr Graham Kendall, a civil servant seconded as chief executive, have run operations for the past six

The outcome, bowever,

Uodoing decades of neglect and pollution was expensive and difficult, with little to show for years. The private sector resented being served with compulsory purchase orders to speed things up. although only two had to be enforced because they generally catalysed negotietions.

the city council over allowing retail sheds to be developed ahead of manufacturing, hot without them land would have remained derelict, deterring developers who would not bave built new offices opposite the new retail

Mr Kendall says: "We spent a long time developing the product - land, some buildings, transport infrastructure. Then ebout two years ago it was clear we were going to succeed as some big projects came

Mr Sykes adds: "The main lesson is thet to accomplish this you have to create an organisation independent of the local authority and, lo some extent, central government which will take

There was a clasb with

aiming contaminated land in the Lower Don Valley for new inc the line It believes correct and stick to it." Inevitably, this has meant Mr Sykes has not always has been spent on enjoyed a bappy relationship with some environmental

Whitehall officials, some while £1.25m has gone to 75 councillors, and some MPs, although the corporation's non-executive board includes Mr Mike Bower, the council leader, and a wide cross-section of private sector and educational representatives to promote

At the end of the day, the figures tell the tale best. Infrastructure - 15km of oew roads - has cost £30m;

land development £36m; and grants to 320 companies nearly £15m. Nearly £5m their money. improvements to 236ha

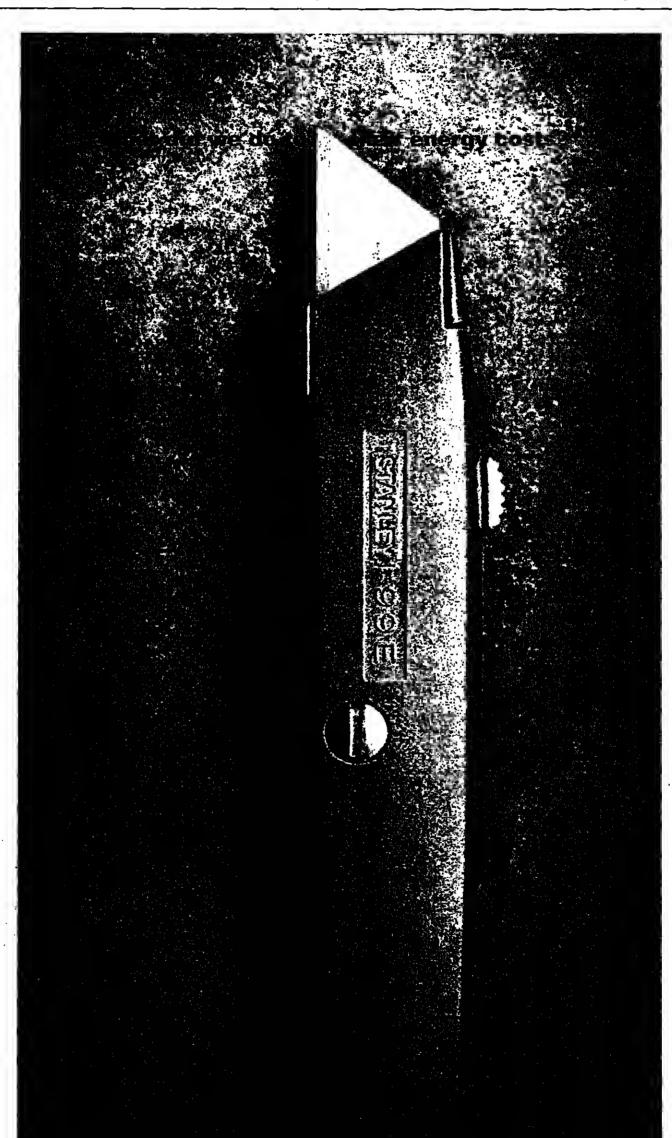
community groups. With another £21.6m for edministration and marketing, £108.6m has een oeeded, of which £101m came from the government and nearly £7.6m from the European Regional Development

However, the changes have levered £638m of privete sector investment because the Lower Don Valley is once again e safe place for companies to put

There is more than 5m sq ft of new floorspace. At tha same time, about 18,000 jobs have already been created et e cost per job of ebout £6,000, with another 6.500 oew jobs known to be in the

In addition to all this, the Lower Don Valley looks good, modern, busy and successful - just the place you might go to buy a oew Rolls-Royce.

Ian Hamilton Fazey



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THE STEEL INDUSTRY • by Richard Wolffe

Export sales fuel demand

Productivity and quality levels have risen at least as fast as the number of jobs has fallen

Sbeffield's steel industry has become a textbook case study of manufacturing in and 1980s to its steady reemergence in the 1990s, the turbulent fortunes of Sheffield steel bave remained the key concern of the city's

Sheffield's leading steel manufacturers contrasts sharply with the staggering drop in employment in recent years.

In 1971, one in 10 of the city's population was employed in the lndustry. But between the mid-1970s and mid-1980s, more than 18,000 jobs were axed among the steelmakers of the Lower Don Valley alone.

Today, the retail sector, lead by the monumental Meadowhall development, is a more dominant force in employment than the industry behind Sheffield's nickname, Steel City.

The Sheffield steel industry is quite proud of being able to drag itself out of the absolutely desperate situation in the early 1980s." said Mr Peter Fish, managing director of Meps consultancy in Sheffield. "Sheffield was a microcosm of UK industry in general, with all its poor lahour relations and low

However, the decline in jobs represents only half the story. Productivity and quality levels have risen at least as fast as employment has fallen. And export sales, lifted by the weak value of the pound in the mid-1990s, have replaced much of the demand which was decimated in the early 1980s.

Mr Richard Field, Master Cutler - the ambassador for manufacturing in the Sheffield area - said: "We are now making more steel than we did at the height of the second world war. We represent £18bn of turnover a Sheffield. year in steel and cutlery.

which is a substantial part of the UK's industrial base. The Sheffield name exudes excellence throughout the world and we are going from strength to strength."

The twin goals of rationalising the workforce and lifting quality levels remain

At British Steel's engineerpost-war Britain. From the ing steels division in Shefsharp decline of the 1970s field, the largest producer of engineering steels in Europe. the number of manufacturing sites and jobs has fallen substantially. Today, the business is centred on two sites in Rotherham and Today's optimism among Stocksbridge, compared to nine sites in the early 1980s, as employment has dropped from 18,000 to 3,500.

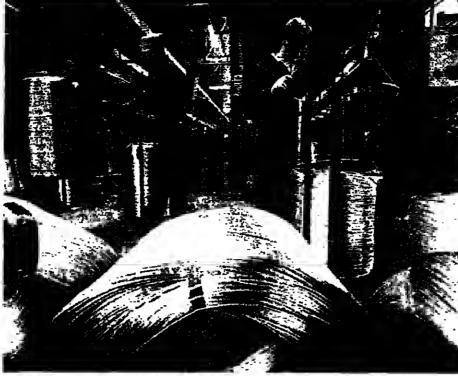
Mr Don Turner, managing director, said: "Our story applies to the steel industry across the western world, which is one of continually driving cost down. Year on year we need a constant cost price reduction. But as you do that, you have to try to get a more skilled workforce so you have to drive the skills base up."

A typical example of British Steel's approach is its strategy with the vehicle supply chain, for which it tor. But in spite of such produces more than half its output. The company is currently in the early stages of developing an ultra-lightweight suspension system to take weight out of the vehicle and reduce fuel con-

Such projects in material design and product development are reinforced by the existing company's strengths in producing high performance steels for the and China. aerospace sector, which is buoyant customers.

The twin strategy of jobcutting and investment in people and technology is mirrored further up the supthe UK's largest producer of wire and wire products.

by British Steel and the Bekaert group of Belglum - is investing £33m over three years in the UK. including its two plants in



Cabla armouring wire being prepared at one of Tinsley Wire's Sheffield plants for export to Japan

for communications cables. and for its wire fence products for the agricultural secworkers, representing 20 per cent of its workforce, over the past 21/2 years.

Mr Krys Szokalo, managing director of Tinsley Wire UK, said: "Our husiness is very competitive within the UK and Europe and there will be a lot more competition over the next few years. particularly with the changes in eastern Europe

"So we have benchmarked ourselves against the hest operations anywhere in the world, and are looking to invest in new technology and improve the layout of our factories. We want to ply chain at Tinsley Wire, have far more modern IT systems, to give a faster response to our customers, as well as investing in our people so that we can maximise the capability of these new technologies. It is an ongoing process.

Faced with such stiff competition, the most successful

strong demand for its wiring have concentrated on highly profitable products in niche areas with hig harriers to new competitors.

Sheffield Forgemasters is perhaps the most extreme example of this strategy, as one of a handful of manufacturers of its type across the

Mr Stuart Wallis, chairman, said: "Very few others can compete with us because we deal with very large hits of metal - both forgings and castings of up to 300 tons a piece. We are talking about very, very large machines massive furnaces and huge lathes, one of which is a quarter of a mile long. Technically, we are very strong and the cost of entry is very

Order books at Sheffield Forgemasters are at record levels in recent years, after a long campaign to rebuild its reputation following its involvement in the Iraqi supergun affair. The affair delayed its long-held ambition to float the company, which is owned by its management and workforce. However the flotation plans The group has enjoyed Sheffield steel companies have been revived, boosted

by strong demand from aero-

space and oil customers. Over the long term, the demand for steel products seems positive. At Avesta Sheffield, the stainless steel producer, the company predicts annual sales growth of between 4 and 5 per cent. Avesta's main aim in Sheffield is to increase capacity in its melting shop and cold rolling mill, in an attempt to reduce production bottle-

But in the short term, Sheffield's steel industry has from changing fashions in to cope with an unexpected problem. The recent leap in the value of sterling threatens not just Sheffield steel's exports but could once again open the door to higher for-

can ride out the exchange rate for a few weeks but eventually the time comes when you cannot afford to maintain your prices," said Mr Fish. "Competition with the rest of the world, at a time of an appreciating pound, is probably the greatest measure of Sheffield's productivity gains. We are coming to a watershed."

CUTLERY • by Richard Wolffe A comfort zone built on branding

Sheffield's reputation for quality and expertise has helped survivors

In 1297, two innocuous Sheffield tradesmen were recorded as paying their taxes in an obscure document called the Yorkshire Lay Subsidies Return, Robert the Cutler and Simon Cissor may not have been prominent in their day, but for today's cutlery industry they represent the birth of a Sheffield trademark.

Today the name of Sheffield cutlery is as heavily protected as Champagne wine, and gives the 700-yearold industry one of its greatest marketing assets. Super-vised by the Cutlers Company since 1624, the good name of Sheffield cutlery has proved one of the industry's few defences against 40 years of cheap foreign

Nevertheless, imports. mainly from south-east Asia. have decimated tha trade. An estimated 28,000 johs have disappeared since the late 1960s, as imports challenged Sheffield's dominance. At the same time, the UK producers' key markets in the British colonies were declining with the Empire

Sheffield also suffered the UK, where households stopped huying cut-throat razors and the family bread knife was made redundant by the invention of sliced

The combination of compe-"Many steel husinesses tition and historic trends cut Sheffield's 300 cutlery companies to about 12. Those who have survived the huge structural changes have relied on Sheffield's reputation for quality and expertise in cutlery - ranging from silver dining services to the trimming and craft knives produced in the city by Stan-

Mr Richard Field, who rep-

0345 26 27 28

Cutler this year, said: "The name of Sheffield represents something special around the world. If you have a penknife in Norway they call it a Sheffield, and in Japan they teach in schools that pen-knives originate from

Sheffield. The cutlery industry makes more than 100m blades a year, now that we are focused very much on quality cutlery - whether it is tableware, surgical hlades, or any cutting tool. That is why we in the Cutlers Company have protected the name of Shaffield over the

to manufacture in this city." Based on the twin marketing strategy of the British brand and a quality product, Arthur Price of England has lifted sales by 10 per cent a year since the early 1980s to about £30m this year. Mr John Price, of family-

years, and anyone who

wishes to use the name has

owned Arthur Price, said: "I went to the Far East in 1964 on a fact-finding trip to the two main centres for making cutlery: Hong Kong and Japan. They thought I was a potential customer, but I realised that two types of people would exist in the UK in the future. One would be importers, and the other would have a heavily hranded product based on quality. I have never looked

With a chain of 100 outlets in department stores, Arthur Price positions itself at the top end of the market, where a six-person set of cutlery retails for up to £500. The company also sells about 15 per cent of its turnover to the catering trade, in partic-ular top hotels and first-class

airline caterers. Fashion, however, is still running in the opposite trend to Arthur Price's main products. House-builders are increasingly constructing bomes with no dining rooms, spelling an end to formal

resents Sheffield's steel and ing into more designer-led cutlery industry as Master cutlery with coloured handles to appeal to a younger market.

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But its largest growth area is now in exports. Mr Price said: "We have got to concentrate more on overseas business because we are beginning to fill the too end of the market. We now sell to the Middle East, Mediterranean countries, Japan and the former Soviet countries."

Other Sheffield cutlers have concentrated more on a mass market approach. Richardson Sheffield, based in the city since 1839, has made itself one of the largest kitchen knife producers in the world. Richardson, which is part of the Australian group McPherson Home wares, produces 400,000 blades a week from its two factories in Sheffield and has annual sales of about £17m.

Its central strategy is based around technological innovation. The marketing concept was to produce a knife which "never needs sharpening", by using a new serrated edge, with a series of "hills and valleys" cut by.

This knife led the successful Laser brand, which was further developed in 1995 with the Fusion Edge range of knives with blades made of tungsten carbide - which Richardson claims can last 11,000 times longer than a. traditional knife.

Ruth Marshall, of Richardson Sheffield, said: "We compete on quality and on the brand name. We do have a mass market approach, but we are not at the bottom end . of the market. The buyers are looking for a range of things, including the brand, quality and our reliability of delivery.

We realise that the Far East is an ever-present threat, and that is why we need to look at ways to maintain where we are at the moment with technology. We were at the forefront of technology with dining - and formal cutlery Laser in the 1980s and that is sets. So the company is mov- where we want to stay."



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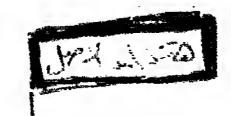


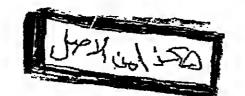


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- Zone randing

FRIDAY FEBRUARY

CURRENCIES AND MONEY

Jan 1997 Feb

Conversely. Mr Michael Petley of the ECU Group in

London forecast at least a 5

per cent rebound in the yen

against sterling, to test tech-

nical resistance at Y186 to

the pound. This was because

Hedge funds join move into yen

The yen surged yesterday as hedge funds followed Japanese exporters in buying the

foreign assets ahead of the and of their financial year. Strong US durable goods fig-mes for January gave little

against European curren-cies. Against sterling the yen rose by Y2.74 to Y196.69. Against the D-Mark it ally in the war on drugs. numped from Y72.25 to hit a nine-month high at Y71.41, while in US trading later it stood at Y71.53 against the German currency. Mr Mike Wallace, senior currency economist at MMS Interna-

Feb 27

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POUND SPOT FORWARD AGAINST THE POUND

[NZ5] 2.3569 +0.0054 550 - 567 2.3673 2.3374 Pesol 42.8463 -0.1804 796 - 139 42.9139 42.7796 (SR) 6.1019 -0.0253 999 - 038 8.1292 6.0693 (SS) 2.9193 -0.07134 182 - 203 2.3374 2.3158 (F) 7.2746 +0.0262 701 - 790 7.2790 7.2336 (Won) 1405.77 -2.65 213 - 842 1412.76 1402.13 (IS) 44.7765 -0.1558 315 - 214 45.0143 44.7139 (ES) 42.1162 -0.2264 984 - 380 42.9610 42.0610

tional in London, said: "You Mr Ian Gunner, senior are seeing tangent plays on the yen, rather than traders taking on the dollar directly."

The New Zealand dollar about the end of March. currency.

The yen was buoyed by strong Japanese industrial that the currency was overvalued, Many New Zealand that the currency was overvalued, Many New Zealand that the currency was overvalued. fell on rumours that Mr Don investors were repatriating have bean complaining foreign assets ahead of the about the Kiwi dollar's strength.

The Mexican peso was down 8.1 centavos to 7.87 support to the dollar.

The yen rose by Y1.17 to Y120.890 against the dollar, ers said the outflow into dollar. but it gained most strongly lars was due to high yields on US long bonds, and to doubts over whether the US would certify Mexico as an

Feb 27		Prev. close
1003 2	1,6265	1.8345
1 April	1,6256	1.6337
3 mth	1.6238	1.6318
1 157	1,5184	1,6237

(i) 2753.54 -10.77 207 -501 2746.94 2726.53 2736.29 -1.2 2740.89 -1.0 2739.74 -0.2 (ii) 56.7027 -0.2388 545 -509 57.0560 56.4820 56.5777 2.6 55.3127 2.8 55.3127 2.6 (iii) 3.0930 -0.0116 896 -923 3.1105 3.0930 3.0932 3.0 3.0977 3.0 2.9942 3.1 (iv) 10.9449 -0.0277 361 -537 10.9889 10.8705 10.9324 1.4 10.9124 1.2 10.8074 1.3 (iv) 275.078 -1.146 20. 238 277.602 275.224 276.273 -0.8 275.643 -0.8 2

1.4164 -0.0038 157 171 1.4222 1.4121 1.4143 1.7 1.4066 1.9 1.3845 2.3

ASS	-2.0894	-0.0144	881 - 906	2.1079	2.0791	2.0892	0.1	2.0881	0.2	2.0899	0.3	96.8																																																																																																																																																				
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economist at Chase in Lon-don, said there were strong reasons to believe that the yen's rise would reverse at

Firstly, he said, any Japanese attempts to boost balance sheets by repatriating foreign assets would cease when the financial year ended. Secondly, Japanese taxes are due to rise when the new fiscal year begins in April. This could brake the sconomy.

Thirdly, said Mr Gunner, recent strong Japanese eco-nomic data could turn out to be a blip. Again, the impending tax increases were the reason, he said. Many manufacturers had boosted stocks in January, expecting strong buying in February ond March ahead of the tax rises.
"I think things could

the yen yesterday broke sterchange around quickly after ling's steep uptrend. the fiscal year ends. Mr Gunner said. "There will be M News that the Nethera renewed focus on Japanese lands had raised interest economic weakness." rates caused only a brief

85.7 101.4 98.2

stumble in the dollar. The Dutch central bank said it Against the Yen (Y per DM) was raising its special advances rate from 2.50 per

cent to 2.70 per cent. Mr Gunner said: "The dolfar initially dipped, because the Dutch raised the Bundeshank would raise too. But that was rubbish." The dollar quickly recovered.

A record number of fund managers are overweight in is likely to tread water rather than sink, according Merrill Lynch's latest quarterly global investor survey. Of 100 large international investors polled worldwide. 78 per cent said they were

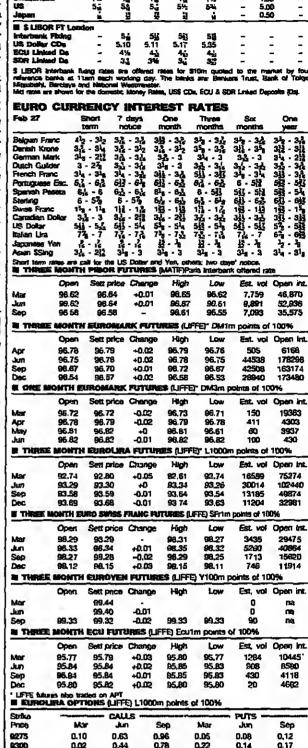
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highest level since the survey began eight years ago. However. Mr Michael Rosenberg, bead of international fixed income research at Merrill Lyncb in New York, pointed out that only 20 per cent of investors said they were "beavily over-

This showed, he said, that while most investors had already bet on the dollar, only a few bad bet very dollar assets, but the dollar strongly. That meant there was room for further dollar buying on dips. The dollar rose 14.5 per cent against the D-Mark and 13 per cent against the yen in the three months to mid-Fehruary, when the survey was beld.

Most investors said they were underweight in yen, D-Mark and French franc assets. Only 7 per cent said they were overweight in the franc, the lowest proportion ever. Just 8 per cent were overweight in the yen, and 19 per cent in the D-Mark.

WORLD INTEREST RATES MONEY RATES overweight in dollars - the 8.25 6.75 3.00 1.00 5.00 0.50 weight" in dollars. **EURO CURRENCY INTEREST RATES** Feb 27



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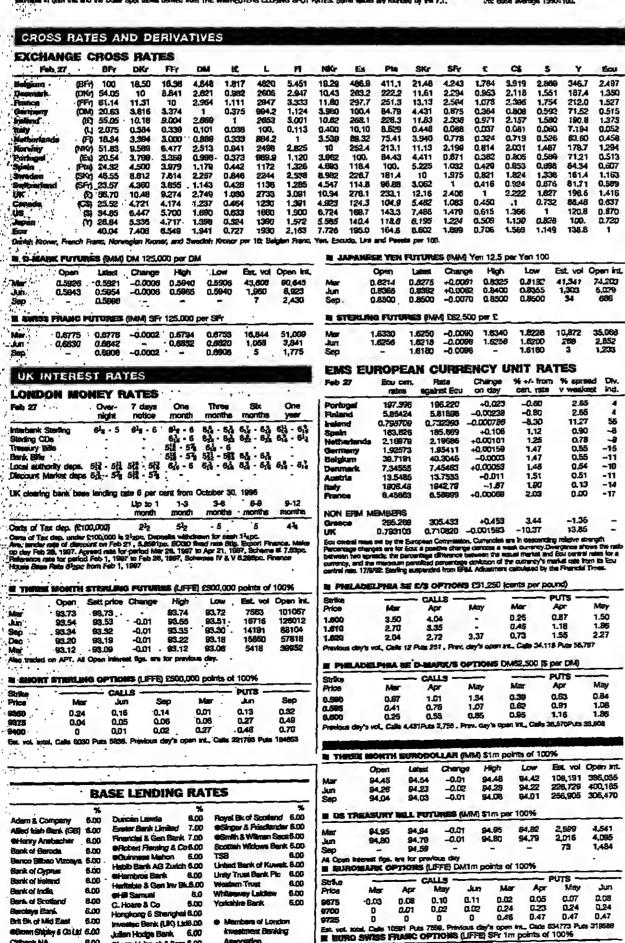
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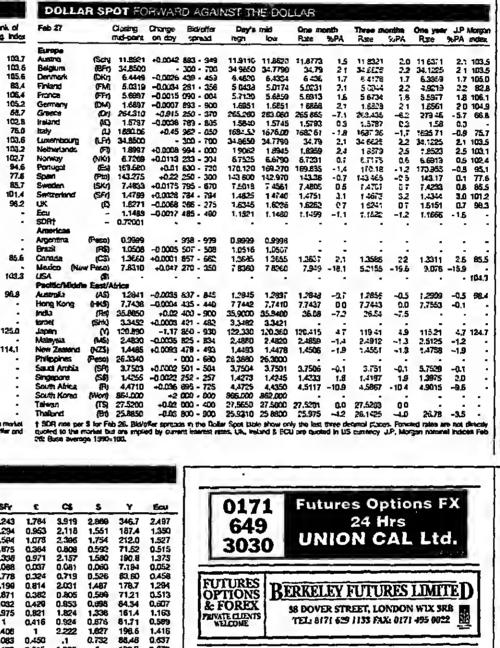
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Nickel fears lift palladium and platinum

MARKETS REPORT

By Peter John

Palladium and platinum - the two precious metal by-products of nickel - jumped yesterday as worries about a strike in Russia high-

lighted a serious supply shortage. Palladium rose \$7 to \$157 a troy ounce by London's afternoon "fix" and platinum, an essential material in many industrial catalysts, rose to \$392 per ounce in London, up from \$383.50 late on

Russia is responsible for two-

thirds of the world's \$1bn a year supplies have dried up, he said. palladium market and a large proportion of the \$3bn-\$4bn a year platinum market. But international sales have dried up.

"There is uncertainty about who is in control of the marketing of precious metals and there has been no delivery of Russian palladium or platinum since the start of the year," said Mr Jeremy Coombes, marketing manager at Johnson Matthey.

For a while, the situation compensated for Russian over-supply last year but the cost of borrowing nalladium had risen recently as

as well as 80 per cent of its plati-

That news acted as a catalyst to strains already beginning to show York speculators took advantage of the situation and bought the at the LME's afternoon fix. precious metals up from their

recent 31/-year low.

By Maggie Urry in London and Caroline Southey

Christian Aid, the charity.

which is asking why EU tax-

payers' money should be

used to support rural devel-

opment in Namibia while

subsidised EU beef exports

to South Africa were under-

cutting the Namibian farm-

EU officials denied EU

beef was being dumped in

southern Africa. One pointed

out that the complaints

about dumping were coming

from the southern African

ers' main export market.

charity said.

policies.

rising price of palladium will be Then, this week, it was revealed most keenly felt by Japanese manproduces all of Russia's palladium accounted for 2m ounces. They use palladium for multi-layer num and large quantities of the ceramic capacitors in equipment world's nickel, might face a strike. such as mobile telephones and Workers at the Siberian plant computers, and also in catalytic have not been paid since October. converters.

Nickel held on to the sharp overnight gains seen during Asian themselves in the market. New trading and the three-month contract closed \$100 higher at \$8.115

Gold prices were swept along too and reached \$360.00 an ounce The lack of supply and sharply by 4pm, up about \$7 on the day.

on the International Petroleum that Norisk Nickel, whose mine ufacturers, which in 1995 Exchange lifted prices as they began to reach chart support levels. But concern about over-supply kicked in later and Brent crude for April delivery ended the day slightly lower at \$19.46 by 6pm. Analysts remain nervousness about supply. Mr Geoff Pyne of UBS argues that daily exports from Iraq will have to jump by

> \$1bn of oil in return for humanitarian aid. Coffee reacted to a report late

almost 50 per cent if the country is to fulfil its 90-day quota to sell

Technical support for oil traded on Wednesday, that the Colombian 1996-97 crop estimate was down by 2m bags to 8.3m bags. Although the report was later rebuffed, dealers were unable to react to the denial until yesterday morning when they sold the May contract down \$5 to \$1,575.

Cocoa extended earlier gains on the back of a rebound in New York and ahead of expiry of the March contract on Monday. The contract for May traded on Liffe ended up £7 at £893. Traders said a close on May above £900 would be encouraging and could pave the way for short-covering.

exports of grain delayed

By Maggie Urry

Canadian grain exports have fallen behind schedule because of delays in transportation from grawing regions to ports, according to the International Grains

Canadian

Council. In its monthly report on the grain market, the IGC highlights the Canadian problems – which could provide opportunities for other Shipments through the

west coast ports account for two-thirds of Canada's exports of grain and oilseed, which go to markets in the Far East and South America. In the Angust to December period shipments were running at the lowest rate for 10 years, according to the Canadian Wheat Board. The IGC report said "the CWB bas stated that it will not be seeking further nomi-

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GUERNSEY

nations for grain for delivery before the end of April". It suggested that some importers may look for alternative sources, though supplies of equivalent qualtty are limited. The CWB is giving priority to supplying its traditional markets, such

as Japan. Severe winter weather is largely to blame for the delays, the IGC said. Heavy snnw made it difficult to move grain from farms to local elevators, and on to rail-cars. The profound cold also caused technical difficulties for the locomotives. some of which were leased from the US, such as reducing the efficiency of air brakes.

As a result, nearly 50 ships were waiting for conver and Prince Rupert. Meanwhile, the CWB is paying a bonus in producers whn move grain by truck. The additional costs caused by the delays totalled C\$65m

Surplus seen in supplies of copper

World copper supplies are likely to show a modest surplus this year unless Chinese consumption tips the balance, according to RTZ-CRA's chief economist.

Speaking after the mining group announced a 30 per cent drop in pre-tax profits. Mr David Humphreys said a swing of just 200,000 tonnes in Chinese copper off-take could make the difference between surplus and deficit.

Mr Humphreys pointed out that, according to official sources. China's net imports of copper quadrupled between 1990 and 1996, as did imports of aluminium and iron nre. If scrap were included in the copper figures. Chinese imports last year amounted to more than 1m tonnes, or about 8 per cent of total world consumption of refined metal.

Official statistics for 1996 were also believed to have omitted large tonnages imported for the government's strategic reserve. Mr Humphreys said it was the combination of growing

demand from Chinese consumers and China's reserve policy that could tip the cop-

per market into deficit. Meanwhile, he was expecting growth in the metals markets this year and in 1998 to be more broadly based than for several years. The resilience of the US economy had been underestimated and Europe was poised for "some modest

acceleration of growth". A difficult 1997 for Japan would be offset by strong growth from both China and other emerging economies in south-east Asia.

In total, said Mr Humphreys, the metals markets should have moderate supworld, bolstered by strong demand from developing countries.

The victim of the more favourable climate for industrial materials was gold, which usually thrives on currency instability and economic uncertainty.

"For the many whose job it is to foster a belief in gold these are clearly depressing | meat industry, and not from times," he said.



EU nfficials say complaints about dumping are coming from the southern African meat industry, not from governments.

don't want competition. Somebody should check wbether consumers are complaining about the meat imports," be said.

Hnwever, the Christian Ald report said South African consumers were not benefiting from the EU imports in lower prices.

The problem began after South Africa replaced its volume controls on beef we follow the market prices account fluctuations in local

SOFTS

COCOA LIFFE (E/tor

COCOA CSCE (10 tonnes; S/tonnes)

■ COCOA (ICCO) (SDF's/terme)

■ WHITE SUGAR LIFFE (\$/tonne)

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74.20 -0.17 74.50 74.10 148 512 75.87 -0.44 75.00 75.80 8.579 32.786

75.96 -0.46 77.05 78.75 1,881 12.028 77.35 -0.15 77.25 77.25 56 1.365 77.30 -0.23 77.35 77.15 2.239 14.202

78.13 -0.20 78.00 77.85 18 1.095

77.25 -2.55 78.70 77 10 1.771 4.990 81.45 -0.40 81.85 80.00 1.723 12,646

W ORANGE JUICE NYCE (15,000bs; cents/lbs)

12.522 62.858

SUGAR "11" CSCE (112,000(bs; cents/fbs)

COTTON NYCE (50,000ths; cents/lbs)

1590 596 3,882 1580 346 1,832 1552 112 237

"Naturally, producers imports by a tariff, in line with Its obligations under the Uruguay round of the General Agreement on Tariffs and Trade, Since 1993, EU exports of beef to South Africa have risen from 7,000 to around 50,000 tons a year. In January, the EC beef management committee

South Africa by about 20 per

cent. "In setting refund rates

868 2,331 10,278 889 4,956 30,037 909 268 73,625 927 964 14,495

1353 295 10,739 1388 107 8,018 1415 846 14,258

into," an EU official said. The EU sets different levels of export refund rates according to designated zones, South Africa was moved from zone 8 to zone 9. putting it on a par with West Africa. reduced export refunds to

in the markets we are selling

The rates are changed frequently by the Commission's agricultural management

markets and to check the exports which are limited under Gatt.

EU officials said recent cuts in refund rates were made to dampen demand for EU exports. The EU is in danger of over-shooting its Gatt limit following a surge of beef exports in the wake committee to take into the consequent fall in Euro-

COMMODITIES PRICES

BASE METALS LONDON METAL EXCHANGE (Prices from Amalgameted Metal Trading) M ALUMINIUM, 99.7 PURITY (5 per tonne)

	Contract.	4 614042
Close	1624-25	1653-55
Previous	1624.5-5.5	1654.5-5.5
High/low	1822.5	1673/1647
AM Official	1622-23	1653-54
Kerb clase		1651.5-52.0
Open int.	257.742	100 04.0
Total daily turnover	76.812	
ALUMINIUM AL	LOY (S per to	nne)
Clase	1520-25	1542-47
Previous	1520-30	1540-50
High/low		1565/1545
AM Official	1520-30	1545-47
Kerb close		1540-50
Open Int.	5,938	
Total daily turnover	3,895	
I LEAD (\$ per tor	ne)	
Close	663.5-65.5	687-69
Previous	659-60	665-6
High/low		675/664
AM Official	659-9.5	664-4.5
Kerb close		675-76
Open Int.	39.035	
Total daily turnover	6,784	
MICKEL (\$ per t	onne)	
Close	8020-30	8110-20
Previous	7910-20	8010-20
High/low		8170/8010
AM Official	7935-40	8025-30
Kerb close		8050-60
Open Int.	49,827	
Total daily surnover	15.288	

Kerb close

Open int. Total daily turno ligh grade (5 per tonne) ZINC, spe 1211.5-12.5 1232-33

COPPER, gra 2458.5-60.5 2391-92 2439.5-41.5 137.878

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Precious Metals continued # GOLD COMEX (100 Troy oz.; \$/troy oz.) .

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	price	change	High	(CHIE	Yol	lect
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Mar	355.6	-0.1	-	-		29
Apr	356.0	-0.1	364.5	355.7	26,584	60,905
,Dect.	358.0	-0.1	367.0			27,875
Aug	360.3	-0.1	368.8			10,904
Oct	362.7	-0.1	370.3	369.0		5,574
Total					48,843	182,312
F PL	ATINUM	NYM	EX (50	Troy o	2; \$/br	y CZ.
Apr	386.7	+4.9	399.8	384.0	4,530	18,680
Jul	388,7	+4.7	401.0	392.0	88	3,385
Oct	390.7	+4.7	401.0	296.0	21	1,994
Jag	393.0	44.7	402.5	401.6	2	1,115
Total					8,584	25,174
S PA	LLADRU	M NYM	EX (10	O Troy	CL: SA	Dy OCL)
Mar	155.65	+13.50	156.00	151.50	573	2,342
Jan	157.45				1,258	8,738
Sep	158.45	+13.20	157.00	157.00	28	518
Dec	159.45	+13.05	_	-	25	190
Total					4,815	11,788
311	VER CO	MEX (5,	000 Tro	y oz; C	ents/tro	(OZ)
Feb	519.7	-28		_	14	_
Mar	519.7	-3.0	533.5	518.5	18,796	14,188
May	524.8	-20	539.5		11,182	54,243
Jul	524.8 529.7	~20 -28	539.5 545.0	523.5 533.0		
	524.8	-28 -27				10.687
Jul	524.8 529.7	-28	545.0	533.0	1,215 69 340	10.687

ENERGY

		Day's change	High	Low	Vol	Open
r	21.05	-0.06	21.29	20.87	60,703	85,827
y	20.77	-0.06	20.97	20.61	18,514	48,420
H	20.55	-0.07	20.73	20.44	8.070	40,953
1	20.32	-0.12	20.51	20.26	5,019	22,384
	20 30	-0.01	20.30	20.30	2,304	17,805
P	20.06	-0.15	20.21	20.03	2,623 114,795	14,644 391,189
CR	UDE OF	L IPE (/рете	Q		
_		Day's change	Hick	Low	Vol	Open

19.47 -0.11 19.71 19.40 14.837 55,161 19.18 -0.11 19.38 19.10 6,408 45,833 19.03 -0.12 19.19 18.96 2,705 20,788 18.87 -0.15 19.05 18.82 1.608 12.442 29,936 166,245 HEATING OIL HYME, #2,000 US gails; c/US galls.)

55.20 -0.48 57.00 55.70 16,333 21,932 55.00 -0.25 55.90 54.50 12,056 51,108 54.30 -0.21 54.70 53.00 3,488 10,781 54.30 -0.26 54.80 54.15 2,261 3,391 55.00 -0.18 55.20 54.80 1,036 5,009 55.00 -0.18 55.20 54.80 1,036 5,009 2,261 9,391 1,036 5,609 40,224 118,327 166.25 ~1.00 169.00 165.75 4,499

187.50 -0.75 189.25 167.00 749 6,316 188.75 -0.75 170.90 186.00 1,323 8,315 170.25 -0.50 171.75 170.00 586 3,325 171.75 -0.25 172.50 171.75 127 1,369 5 127 1,369 21,000 85,828 1.830 -0.044 1.875 1.815 9,267 33,107 1.875 -0.033 1.910 1.885 2.340 17,189 1.900 -0.034 1.935 1.890 1.072 11,145 1.920 -0.026 1.945 1.915 1.051 10,322 1.935 -0.023 1.960 1.930 1.945 -0.023 1.970 1.935

NYMEX (42,000 US galla.; c/US galls.) 62.80 +0.34 62.70 61.80 12.777 14.044 63.40 -0.04 63.60 62.75 5.186 17.684 62.75 +0.01 62.90 62.10 2.891 10.840 61.60 +0.01 61.76 81.25 1,144 5,120 GRAINS AND OIL SEEDS WHEAT LIFFE (\$ per tonne)

96.25 +1.35 96.25 95.90 99.20 +1.20 99.35 98.75 101.25 +1.00 101.50 100.75 1,720 258 6,422 WHEAT CET (5.000bu min; cents/508) bushel) 368.25 -2.5 373.00 367.00 5,487 7,802 374.25 +1.5 378.00 372.00 8,118 23,778 368.50 +8.5 369.00 361.00 376.25 +6.25 379.00 370.50 2,996 3,371 +7 377.00 375.00 MAZZE CBT (5,000 bu min; cents/586 bushel) 286.00 +3.25 297.75 291.50 28,406 50,002 283.50 +3.00 284.50 279.50 1,688 13,370 280.50 +2.75 281.75 276.50 9.430 80.925

BARLEY LIFFE (C per torma)

- 795,00 781.00 16,123 23,156 - 797 50 781 00 39 034 71 870 - 797.50 782.00 10,145 49,945 - 788.75 777.00 714 7,806 - 746.50 738.00 231 2,973 70,428 182,026 SOYABEAN OIL CET (60,000lbs: cents/lb)

24.00 +0.11 24.35 23.00 9.499 13.245 24.49 +0.18 24.60 24.40 9.873 39.938 24.91 +0.16 25.11 24.78 3.276 20.936 25.03 +0.18 25.20 25.05 383 4.795 25.02 +0.18 25.30 25.10 257 2.753 SOYABEAN MEAL CET | 100 lores: S/tonj 255.6 -0.8 259.8 255.8 11,389 18,784 251.3 -0.1 256.0 251.0 13,182 42,128

713 2009 1,032 720 700

15 662 25 1,848 293 669

The week started fairly well for the Austra-lian market, with auction prices rising under the lead of finer merinos and a new peak

of 627cts/kg reached by the Eastern mar-ket indicator. By thursday merinos tended easter checking any bullar inclarations among traders. Crossbred wool prices at auction in Bradford met with good demand but prices were firm rather than deerer. There was no New Zealand sole this week. As well as the main international markets. South America was busier as trades reacted to recent steedy but small rises in Australia. South American production is flower than a few wass ago, and when lower than a few years ago and when stocks are cleared the problem will become one of inadequate supply rather

VOLUME DATA Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CET. NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open Interest

lotals are for all traded months.

91 15 -0 15 91.00 80.75

INDICES

Reuters (Base: 18/8/31 = 100) ■ CRB Futures (Base: 1967 = 100) Feb 26 Feb 25 month ago year ago 242.89 241.62 ■ GSCI Spot (Base: 1970 = 100) Feb 25 month ago year ago 181.08 208.40 198.72

MEAT AND LIVESTOCK III LIVE CATTLE CME (40,0000s; parts/fbs)

68.100 - 68.250 57.600 14 27 70.075 - 0.150 70.200 69.650 8.401 43.602 65.425 - 0.250 65.450 84.825 3,050 19,711 84.250 - 0.025 84.300 63.650 2,143 10,176 III LEAN HOGS CME (40,000lbs; cents/lbs

74,950 -0.075 75,550 74,150 4,709 15,834 78,950 -0.075 80,450 79,200 2,483 10,031 - 79,400 75,300

80,775 +1,575 61,000 78,800 1,460 81.575 +1.900 61.700 79.300 500

LONDON TRADED OPTIONS

2300.

LONDON SPOT MARKETS CRUDE OIL FOB (per barrel)

W.T.I. \$21.08-1.10w +0.255

IN ORL PRODUCTS HWE prompt delivery (2F (tonne) \$209-211 \$191-162 MATURAL GAS P

Gold (per tray oz) \$ 5201.00c 120.0c 45.00c Tin (Kuala Lumpur) Tin (New York) 14.25r 271.50 Cettle (live weight) Sheep (live weight) Pigs (live weight)† 100.54p 142.87p 83.44 Lon, day sugar (raw) Lon, day sugar (who \$268.20 Unq 0.0913 Unq Matre IUS NoS Yellow Wheat (US Dark North Rubber (Apr)♥

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"True creativity blooms when we dare to reject "com sense" and traditionally accepted scientific knowledge."

KAZUO INAMORI, tounder of Kyocera

KYOCERA, world leader in high-bech caramics.

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CROSSWORD

No.9,312 Set by ADAMANT

ney round here in France Hits the target marks (6)

9 Day a burning brand enguised the church last month (8) 10 Overbead expenses - no return on the price (6) Soon many doctors round university shall be nameless (9)

fect (5)
14 The second purpose is to rouse to ecstasy (4)
16 Where to have a drink with female worker at noon (7) 19 A habitual response among leading troops at palace (7) 21 Time for fruit (4)

Some people are ignorant of the rule (5) 25 Waver and quit, being sick at heart (9) 27 Commonwealth politician in the republic (6) 28 Instrument with black and

silver tubes (8) 29 Dream about nectar (6) 30 Resent having to ask Barnaby? (8)

1 Alternative business deserves a trial (6) Turn inside for agent (6) Initially mother and father are in modest surroundings, but very much at ease 4 Does it show the rise and fall of one emperor's per-

7 Made a fresh start on grass outside the duck enclosure (8) 8 Paying the bill for finishing the argument (8) 11 Exploits the employment of leading scientists (4) 15 Odd man to accept cold

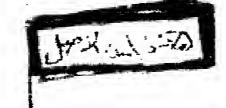
Sure to trust the Bible (9)

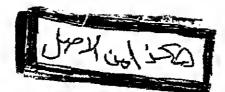
Get feverish and have to re-organise (8) 18 Hope it produces first class return for the country (8) Passage where Jack lost his

21 Say what must be done (7) 22 Internationally chosen to get the oil well sealed (6) 23 The French look for a tenant (6) Liberal peer treated as

Solution 9,311 RETURN PASTICHI AUAGSRA CARDSHARP APPLI SUSE IN R GUST DEPRESSION OT MIT E I EPITUARN DUTHER







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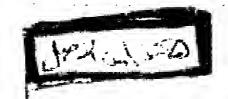
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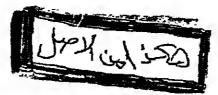
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FINANCIAL TIMES FRIDAY FEBRUARY 28 1997 31 FT MANAGED FUNDS SERVICE Offshore Insurances and Other Funds FF Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details. Sun Affanca International Life 23 Bar 77, Let Essino G. 37 har 74, Suy her Date Charle Hanges C. 27 har 72, Suy her Date Charles Hanges — 22 Life Sun Life International (DDS) Life Joseph Hants, Castellous, let of than her 44, the Castellous in the first Principle of G. 1852 1857 187. Champion Global Fund Monages Seasty Fund Let an 31 — \$1003.56 Champion State — G — \$1002.52 Champion State — G — \$1002.52 Champion State — G — \$1002.52 GRIT Found Management (Berryste) Described (of the field) Consequence Described (of the field) Consequence Foundation (of the field) Consequence Foundation (of the field) Consequence Service (of the field) Consequence Foundation (of the field) Foundation (of the field Cheecer Indian S Scalar Can Halo Feb The Chien Fand OTHER OFFSHORE days 1 knited indicated indicate indica FUNDS Report Feb. 514.22 The Chlom Invocat & Development Fel Ltd Dur Fig Fen 1607 Am 51 510.42 Ciffshoot Ginhaf Among Nigara (Asia) Ltd others Fel Ltd Sen 571.00 Sen 1608 Soutilité Annat Minonger Apin Chir Side Bugir Suit Bugir Suit Bussille. Suit Bussille. Soutilité Bussille. Soutilité Bussille. Soutilité Companie Suit De Companie Chat Chir Companie L Soutilité Comp Microscopic Street Company Apart Bank & Treet Company Coll of Court Street Company Coll of Read Incompany Coll of PPFC Internation Performs Fel Manget L. Seventhe Convert Period. See 2784 Stream Lorents Fell. S. 5740 Stream Lorents Fell. S. 5740 Stream Lorents Fell. S. 5740 Fell Lorent Fell Lorents Fell Lorents Fell Lorent Fell Lorents F Purity Declary NAV Feb 21 SEC 27-50 Garratia Bankine Ltd Frank 1 A 70 1.518 to 255 -000 Arman Committee A. S. 36 In Course Restricts A. S. 36 In Course Restricts A. S. 37 In Course Restricts A. 37 In C Allimoce Capital In Checklings and In-Gents Massagement I Gent Proposes in the 12-Gent Proposes in the 12-Gent Responses in the 12-Grade Drift Capital Ltd. informati (union same) (19) 36 information Technical Strong Technical Formation St. 43 The International Investor 6th Healt Couple Incom. \$12.47 Il Sond-Col Lighty ... \$10.23 INVESCO Aske Uni Magnitum Francis Magnitum Matter M ___ 00 7954 6,7540 -0.0 General Annual Management Global Band Dat. Global Band Management Global Band Annual Management Global Band Band Band Band Global Band Band Glob 101.21 101.21 ome Offshore Limited 86/2001 Assa. _ \$55 16 57 53 86/2001 Assa. _ \$55 16 57 53 86/2 86/2 520 Trailing. \$5,17 544 56/200 Valuati Fep. _ \$8,18 8,5 The Jaguar Fred H.V. | The common | The Acmis Capper Lat. \$124.86 Are Investment Company Ltd Owhit Inverses - Charles Strategien Franchister Specific Copital Strategien Franchist Land St. A. 110 Auto Las 12 Auto Pacific Securities Corp. Ltd Industria Allisfe II. 57.88 Adigo Convertibles & Income Fid (Coynam) 101/Feb 13 Adigot Franchister Specific Coynam) 101/Feb 13 Adigot Convertibles & Income Fid (Coynam) 101/Feb 13 Adigot Franchister Specific Coynam 27.21 Adigot Convertibles & Income Specific Coynam 27.21 Premier Life. 1 Aus Balls Blass, List Design of the State of the Stat Dates Spice Ed Page St. Stran-Bales APT Jupin Fund 107 Jupin 55 8772 A4043 The Thai Priese Fund Limi MINI REUTERS **MAXIMUM DATA** John Abena Prospect Agent 15 100 . Prospect Agent and Fee! Prospector Fund More Prospector Fund More Marines interes nd Management a be 31 \$119.25 Detro: Passemelos Trast Compe Late America Det 31 ... \$42.42 testado forma Det 31 ... \$14.62 Hys Tyte Ford Det 51 ... \$1 vtgr.ne Discover investaces introducing REUTERS, the revolutionary Regel Life Internati Popu Court, Actory Rd, Tive datascreen from Futures Region Life instrument floridal (1654 & Feminist floridal) (1654 & Feminist Pager that delivers \$134.00 Patram Europe Ltd financial data, prices Handrigue Perod Liel Hayes June Ferod Recognic HAY Jun ST For the Balancia was the Reference and news in your hand. MessPierson Takan Pac Hetge Ind Lawragad Cap Indigs IN Anna Satuction UP Arn Gat Fd Inv Lawragad Div Lawragad Hetge Indigs IN Anna Satuction UP Arn Gat Fd Inv Lastyn Gat Fd Inv Lastyn Gat Fd Inv Lastyn Gat Fd Inv Small, portable and perfectly informed, mini REUTERS offers you REUTERS more ditt, more DIT-Department Development Front | District Co. | D quickly, with more BT PHILIPS instruments per screen, more flexibility b can the second of the second

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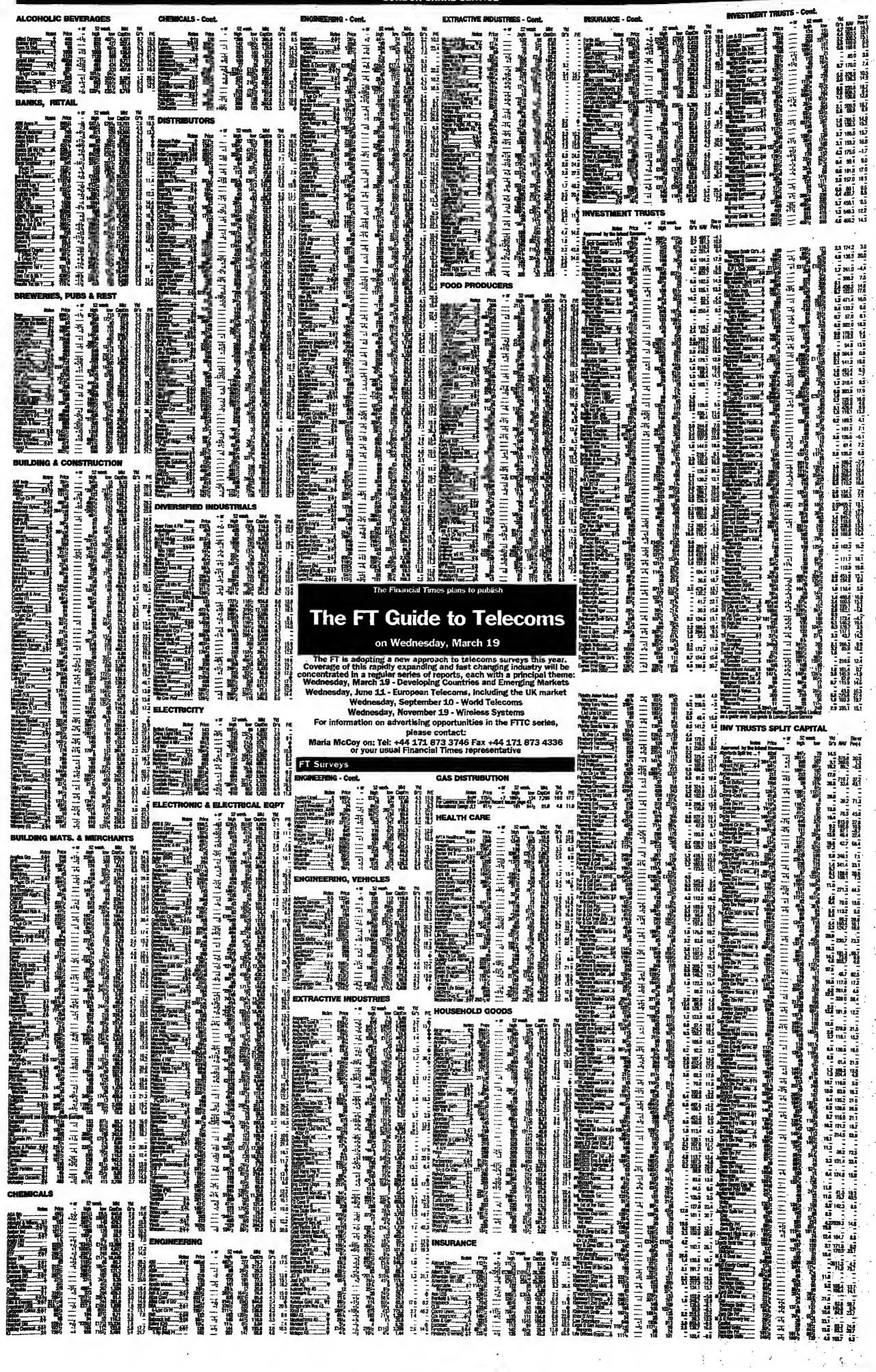
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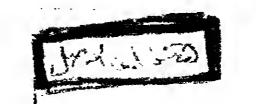
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FINANCIAL TIMES FRIDAY FEBRUARY 28 1997 **LONDON SHARE SERVICE** PHARMACEUTICALS

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EFRICATION .

Buy programmes give a lift to UK equities

MARKET REPORT By Steve Thompson, UK Stock Market Editor

had braced itself for the aftermath of an expected storm on Wall Street overnight, gathered itself after a soft opening and

closed in reasonably good heart. Wall Street's panicky response on Wednesday to Mr Alan Greenspan's testimony to Congress, in about the doubtful sustainability of the recent rise in US equities,

Greenspan's warning about the London's stock market, which potential for a pre-emptive increase in interest rates to head off inflationary pressures.

performance to close 9.9 higher at 4,339.2. That left the index within which he repeated his warning striking distance of its all-time intra-day record of 4,362.4.

The FTSE 250, meanwhile had seen the Dow Jones nudged ahead, finishing 2.3 Industrial Average slide more firmer at 4,663.0, only around 13 the good closing performance by age of good quality stock, meant than 100 points, before rallying points off its intra-day record, London was evidence of two that the institutions would valued at \$2.25bn.

up at 2,356.2.

Helping to bolster London, as well as other European markets, was a further recovery by Wall With little or no evidence of Street yesterday. The Dow any substantial selling by the big regained virtually all of an early institutions, however, the FTSE 25 point retreat which had been blocks in other leading stocks. 100 index delivered a comforting prompted by some stronger-thanexpected US economic news. the day that the hig funds were gone conclusion, and had little or Treasury bonds were also looking not interested in selling the marsteady, trading around a half- ket in any sort of size," said one said. point better as Wall Street kicked marketmaker. He said the large off.

More worrying for global mar- ber of attempts to penetrate its to medium-sized but the other of kets was the two point fall in US all-time intra-day and closing substantial proportions, and both Treasury bonds, prompted by Mr highs and eventually ended 2.9 said to have been weighted on the buy side.

The higger of the two programmes included a block of over 7m Vodafone shares, 4.8m Prudential, 3m P & O, 3.2m Grand South by-election, where Labour Met and 19m BAT, as well as big "It became quite clear during

amounts of cash washing around Another powerful reason for the market, plus a general abort-

All four of the composite

20 list, spearheaded by Royal

Close behind were Com-

mercial Union, which moved

General Accident, which put

Marketmakers said the

stocks, which tend to be vul-

nerable when global markets

come under pressure, and

had to acramble to cover

their shorts as a couple of

brokers moved in to chase

Prudential, still lifted by

Wednesday's well-received

full-year figures, gained 4%

more to 572p, on hefty turn-

over of 7.7m shares, includ-

ing the block of 4.8m shares

involved in a buy pro-

controls manufacturer

Whessoe fell 9 to 175p after engineering group Siebe sald

Wednesday, Navia and

Endress & Hauser, from Nor-

way and Switzerland.

Isunched a rival 175p a share

Capital Corporation hard-

ened 11% to 213p on specula-

tion that the group, which

rejected a bid from London Clubs, is about to receive a higher offer from it

Lex Service Group pleased

the markel by reporting a sharp increase in pre-tax

or another party.

offer for the British group.

Specialist instruments and

gramme yesterday.

& Son, up 12 at 496p.

on 13 to 8281/sp.

the sector.

strongly to close 55 points lower. while the SmallCap made a num-trading programmes, one small always be keen to snap up any stock coming on offer.

He also pointed out that the market was anticipating further takeover action in the short to medium term.

The expected trouncing of the Conservative Party in the Wirral was confidently forecast to overturn an 8,000 majority in yesterday's poll, was viewed as a foreno impact on the market, dealers

. Turnover, lifted by the programme trading, reached 800.8m by the 6pm cut-off point. Customer business on Tuesday was



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ndices and rational r	4339.2 4663.0 2146.9 2119.74 3.54	+9.9 +2.3 +4.1 +3.93 3.54	FT 30 2870.8 FTSE Non-Fins p/e 18.65 FTSE 100 Fut Mar 4330.0 10 yr Gilt yield 7.17 Long gitt/equity yid ratio 2.06	18.46 +10.0 7.24
Sest performing Insurance		+1.0 +1.2 +1.1	Worst performing sect 1 Tobacco	1.4 0.5 0.3

FUTURES AND OPTIONS

Reckitt bid talk fades

By Lisa Wood, Joel Kibazo

Reckitt & Colman was one of the biggest casualties in the FTSE 100, falling 171/2 to 8071/2p as the market lost patience with speculation that it could be a possible bid target of Unilever, the Anglo-Dutch group which is selling its four speciality chemicals businesses

One analyst said the bid speculation had been overplayed. He said Unilever and Reckitt had similar brands such as Unilever's Domestos disinfectant and Reckitt's Harpic and Lysol - and it was unlikely Unilever wanted to acquire similar ones to its own. It could also face competition problems.

He also believed Reckitt's insecticides businesses in emerging markets were not an easy fit into Unilever's consumer products activities. Unilever, it is said, wants to acquire businesses that could increase its exposure to emerging markets.

Unilever, which slipped 64 to 1,626% p. was also named as a possible suitor of Danone, the French food group, which rose yesterday in Paris on the back of takeover speculation. Analysts rubbished the suggestion, saying the French group did not bave sufficient exposure to emerging markets. Com-

panies that Unilever might warned that profits will fall be looking at included Henkel, which owns the Persil brand name in Germany and the East, with Unilever owning it in the rest of the world, and Clorox, a US detergent company.

Banking stocks hogged the limelight yesterday as the market celebrated recent favourable figures from one group but registered its displeasure at a profits warning from a subsidiary of

International banking

group Standard Chartered was undoubtedly the star performer of the day as the market continued to celebrate Wednesday's favourable figures. The shares jumped 32 to 815%p, the best performing stock in the FTSE 100, in trade of 4.6m as weighed in with a full-year target share price of 940p. while NatWest Securities advised clients to "add" to holdings.

Analysts at the broker said in a note to clients: "Growth prospects are outstanding, particularly in the Asian retail business, earnings quality is improving given the mortgage orientation, and the bank's competitive position is supported by a declining cost/income ratio and strong balance sheet. The rating undervalues the group's prospects and the offse me shares are attractive."

But there was no such celebration for Bank of Scotland which announced that its 51.5 per cent-owned Australian unit, BankWest, had

5 per cent short of the A\$100.2m it forecast in its December 1995 prospectus.

While BoS tried to steady nerves by saying the Australian shortfall would amount to less that £1.5m of group profits, the market was in no mood to forgive any misdemeanors. The shares surrendered 141/2 or 4 per cent to 341p, the sharpest decline in the Footsie. Turnover soared to 15m, the highest daily total since last August.

Abbey National was also a talking point as it reported preliminary figures ahead of market expectations. The shares hardened 41/4 to 768p. in trade of 4.8m.

However, there are those that remain sceptical and one analyst was particularly concerned about the group's brokers recommended the market share in the second stock to clients. SBC War- half being weakened by the burg was said to have high level of remortgaging. of some 2868m. British Land

More than 17m shares is to issue £42.8m new shares were traded in Allied Car- at 520p aplece, raising pets, with ABN-Amro Hoare around 2200m. This will fund Govett buying and success- British Land's equity and fully placing almost 10 per loan participation in the cent of the carpets retailer joint venlure. with a number of existing and new institutional hold-insurers featured promi-ers. The holding had been nently in the FTSE 100's top

slipped 11/4 to 280p. ABN-Amro Hoare Govett up 111/4 to 677/4p, Guardian bought the 8.8m shares for Royal 4% firmer at 278p and 272%p and placed them at

owned by CinVen, the ven-

ture capital arm of the coal

board pension fund. Allied

Great Universal Stores rose 41/4 to 666p following the sector's good showing bad news it had completed a taken them by surprise, joint venture arrangement Most dealers had been runwith British Land, which ning short books in the softened 21/4 to 5391/4p. The joint venture will acquire the GUS investment property portfolio, including some property holding companies with a net asset value

HELP CHOP

DOWN THIS ONE.

	Feb 27							
FT 30						2756.4		
Ord, div. yield	3,94	3.95	3.92	3.93	3.81	3.88	4.22	3.78
P/E ratio net	17.65	17.62	17.72	17.67	17.79	18.78	17.85	15.80
P/E ratio nil	17.44	17.40	17.50	17.45	17.57	16.58	17.63	15,71
FT 30 since compl	ation: high	2885.2 19	70498; lov	45.4 26A	0640. Ben	e Date: 1/	7/35.	

2864.8 2867.1 2869.4 2869.2 2870.2 2869.2 2867.2 2868.6 2667.0 2873.1 2884.2 Feb 27 Feb 26 Feb 25 Feb 24 Feb 21 Yr ago

49,310 51,086 49,387 31,428 2247,6 2367,6 2650,2 1939,8 44,211 43,596 43,745 36,322 734,7 800,7 843,1 614,8 it would not lift its 155p a share bid for Whessoe, Siebe rose 31/2 to 9681/sp. On

Feb 27 Feb 26 Feb 25 Feb 24 Feb 21 Yr ago 1High "Low 1133,9 1132,8 1135,0 1138,0 (137,9 1020,6 1140,4 965,7

Hisee and falls"		52 Week highe a	nd lows	LIFFE Equity opt	ions
Total Places	683	Total Highs		Total contracts	46,105
Total Fells	487	Total Lows	19	Calls Puts	15,831
Same	1,317			Puts	30,274

encouraging statement. The shares were the best per formers in the FTSE 250, moving up 12 to 343%p.

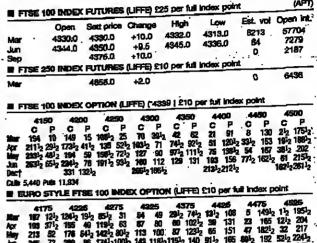
Safeway rose 101/2 to 360p. with a number of analysts stating that the only reason behind the good performance was the food retailer's presentation earlier this week about its system for shoppers adding up the cost

of their own shopping. Asda hardened 1 to 112%p. Merrill Lynch put out a document on the sector naming

Asda as its main stock Calls 5.440 Puls 11.834 recommendation. The broker is also a buyer of Tesco and Safeway.

Merrill took the view that

its clients should be marginally "underweight" on the sector in the early part of 1997, moving towards "overweight" in the second half.



Major Stocks Yesterday

Closing Day's price change

518 1122-768 4772-665 48912-3772-665 48912-375-28 48912-375-28 5897-2-28 587

ROCK!

4175 4226 4275 4225 4575 4425 5 1476 4585 197 121, 1214, 1214, 1215 198 251, 2 31 54 49 251, 2 741, 121, 108 5 140, 121, 1215 198 371, 185 40 1191, 2 83 87 80 60 1021, 2 89 131 23 165 121, 2 204 213 52 178 841, 1421, 2 801, 113 100: 87 1231, 2 81 31 23 165 121, 2 204 213 22 26 13 29 65 1741, 1001, 2 1181, TRADING VOLUME LONDON RECENT ISSUES: EQUITIES

lesue Arnt Mkt. price paid cap 1998/97 p up (2m.) High Low Stock - 28.2

	Feb	% chg	Fesh	Year	Green die	P/E	B2, w	mak,
	26	on day	*	ago	yield %	ratio	Righ	LOW
Sold Misos Index (33)	1858.35	-1.4	1886.19	2347.AB	1.85	-	2406.58	1674.61
E Regional Audiona								
Miles (14)	2298,56	0.0	2298.73	3167.89	3.93	34.03	3252,18	1818.45
Australiable (7)	2065.66	-0.9	2104.98	2643.12	245	22.40	2861,03	1941.72
forth America (12)	1705.58	-21	1742.47	2070.36	0.50	83.48	2134.81	1550 5

	Feb	% chg	Fesh	Toor	Green der	PÆ	E2.	mak,
	26	on day	5 _	- Ago	yield %	ratio	Righ	LOW
ield litters lacter (33) In Regional lactions	1858.36	-1,4	1886.19	2347.AB	1.65	-	2436.58	16746
irita (14) Iostraliais (7) Iorda America (12)		-0.9 -2.1	2104.98 1742.47		3.93 2.45 0.50	22.40 83.48	3252.18 2861.03 2134.81	1941.77 1550.5
copyright, FTSE inte number of compani constituent cha	on Heel	d US I	oliers. 37 20/2/2	Base Vi	due: 1000.0	0 31/1	2/92. †	Parties

rofits, a near 7 per cent of the dividend total and	nse oc	MSTITUE	NT CHA	es, Hank KRE WITH Is for this	EFFECT	20/2/87:	Deletion	e: 1000 Placer	Pecific (Austrida Austrida	† Parties, step, Lettest
FTSE Actuaries Sh Preduced in conjunction v				nstituto	ci App	021US		Tł	ne U	K Se	eries
	Feb 27	Day's chge%	Feb 26	Feb 25	Feb 24	Year	Div.	Net	P/E ratio	Xd adj	Total Return
8E 100	4339.2			4344.7				2.06			1821.54
SE 250	4663.0			4665.0				1.50			1815.55
SE 250 ex ∏	4703.3			4704.1				1.52	23.72	0.86	1936.68
SE 350	2146.9			2149.2				1.97		8.71	1840,80
SE 350 Higher Yield	2056.1			2065.8				1.86		3.20	1485.11
SE 350 Lower Yield	2245,4			2239.8				2.17	23.10	10.49	1584.83
SE SmallCap	2356.22			2352.31				1.66		5.74	1973.54
SE SmellCap ex IT	2365.21			2360.19				1.73		5.57	1995.41
SE AK-Share	2118.74	+0.2	2115.81	2121.62	2114,52	1840,77	3.54	1,95	18.12	6.51	1845.01
FTSE Actuaries Ind	ustry !	Secto	73								
		Day's	-			Yeer	DIv.	Net	P/E	Xd adl	Total
	Feb 27	chge%	Feb 26	Feb 25	Feb 34	Bg0	ylold%	cover	ratio	ytd	Return
MINERAL EXTRACTION(20)	4018.58			3972.24				2.10			1767.30
2 Extractive industries(5)	4051.24			4023,18				2.33			1207.47
5 Oil, Integritted(3)	4118,48			4069.B3				2.08			1864,37
6 Oil Exploration & Prod(12)	3508,42	+1.1	<u>3471.01</u>	3480.05	3509,39	2234.47	1.55	1.79	45.06	0.00	2127.07
GEN RIDUSTRIALS(272)	1998.90			2000,49				1.68	18,68	2.11	1119.59
1 Building & Construction(35)	1369.82	+0.5	1363.20	1363.57	1358.82	1065.25	3.00	1.70	24,47	1.54	1171.04
2 Building Matis & Merchs(32)	1877.10	+0.3	1871.18	1875.32	1884.37	1901.98	4.24	2.54		0.44	970.33
3 Chemicals(26)	2345.72	40.2	2341.74	2345,71	2345.11	2524.97	4.45	1.42		0.56	
4 Diversified Industrials(16)	1449.93	-0.1	1451.67	1450.77	1451.72	1774.60	4.84	1.51		4.02	840.93
5 Electronic & Elect Equip(38)	2262.47	+1.2	2234.82	2271.34	2267.86	2351.89	3.45	1.34	26.91		
6 Engineering(70)	2551.72	+0.8	2532.26	2546.69	2538.43	2318.86	3.23	2,40	16.12		1581.14
7 Engineering, Vehicles(13)	2856.50	+0.6	2840.72	2844.08	2819.87	2629.07	3.78	1.72		0.25	
8 Paper, Pekg & Printing(27)	2529.63	-0.3	2537,39	2543,49	2533.81	2710.29	4.12	1.79		0.00	1079.04
Tertion & Ampanel 14)	1077.10	40.1	1075 4A	1061 05	1070 74	1608 22	6.59	4 700	14.00		660 00

10 MINERAL EXTRACTION(20)	4018.58	+0.3 4004.71 3972.24 3891.63 3257.28	3.73	2.10			1767.30
12 Extractive industries(5)	4051.24	+0.8 4027.19 4023.18 3983.90 4182.10	4.00	2.33	13,41		1207.47
15 Oil, Integrated(3)	4118,48	+0.2 4113.02 4069.83 4097.15 3295.72	a 95	2.08		20.17	1864,37
16 Oil Exploration & Prod(12)	3508,42	+1.1 3471.01 3480.05 3509.39 2234.47	1.55	1.79	45.06	0.00	2127.07
20 GEN INDUSTRIALS(272)	1998.90	+0.4 1989.96 2000.49 1993.09 2069.45	3.93	1.68		2.11	1119.59
21 Building & Construction(35)	1369.82	+0.5 1363.20 1363.57 1358.82 1065.25	3.00	1.70	24,47	1.54	1171.04
22 Building Matts & Merchs(32)	1877.10	+0.3 1871.18 1875.32 1884.37 1901.99	4,24	2.54	11.62	0.44	970.33
23 Cherricals(26)	2345.72	+0.2 2341.74 2345.71 2345.11 2524.97	4.45	1,42	19.80	0.56	1138.95
24 Diversified Industrials(16)	1449.93	-0.1 1451.67 1450.77 1451.72 1774.60	4.84	1.51	15.69	4.02	840.93
25 Electronic & Elect Equip(39)	2262.47	+1.2 2234.82 2271.34 2267.86 2351.89	3.45	1.34	26.91	1.22	1202.22
26 Engineering(70)	2551.72	+0.8 2532.26 2546.69 2538.43 2318.86	3.23	2,40	16.12	3.57	1581.14
27 Engineering, Vehicles(13)	2856.50	+0.6 2840.72 2844.08 2819.87 2629.07	3.78	1.72	19.28	0.25	1508.86
26 Paper, Pukg & Printing(27)	2529.63	-0.3 2537,39 2543,49 2533.81 2710.29	4.12	1.79	15.97	0.00	1079.04
28 Textiles & Apparel(14)	1077.10	+0.1 1076.48 1061.05 1079.74 1508.22	6.52	1.29	14.62	2.25	682.92
30 CONSUMER GOODS(85)	4120.47	+0.2 4111.52 4128.25 4096.88 3594.58	3.52	1.90	18.67	12.53	1563.25
32 Alcoholic Beverages(7)	2756.86	+0.3 2749.48 2815.97 2787.10 2801.39	4,68	1,87	14,28	31.28	1032.97
33 Food Producers(25)	2859.85	-0.1 2862,99 2864,87 2850,29 2538,60	3.81	1.80			1326.01
34 Household Goods(17)	2893.61	-1.4 2933.37 2905.64 2872.95 2528.59	3,48	2.23	18.10	1.06	1168.30
36 Health Care(16)	2267.2T	2267.14 2281.30 2288.29 1945.75	2.60	1.80	25.41	4.13	1403.44
37 Pharmaceuticals(18)	6438.48	+0.6 6385.93 6391.15 6359.1B 5076.42	2.66	1.84		13.45	2229.46
38 Tobacco(2)	4489.52	-1.5 4556.03 4565.27 4481.33 4841.11	5.77	2.13	10.18	0.00	1156.15
40 SERVICES(273)	2583.43	+0.1 2691 23 2701.60 2688.90 2321.57	2.B1	1.97	22.51	7.68	1432.51
41 Distributors(30)	2756.91	+0.1 2753.92 2768.22 2765,39 2620,41	3.08	1.99	20.32		1036.64
42 Leisure & Hotois(31)	3527.39	+0.1 3525.51 3529.23 3509.59 2937.58	2.53	1,56			1929.56
43 Media(44)	4349.74	+0.2 4342.21 4384.59 4384.21 3828.78	2.18	2.12			1597.53
44 Retailers, Food(15)	1956.58	+0.7 1942.60 1946.95 1948.95 1854.90	4.05	2.31			1276.68
45 Retailers, General(53)	2124.25	2123.55 2132.18 2104.66 1906.89	3.07	2.02	20.14	6.94	1245.06
47 Brewerles, Pubs & Rest.(22)	3416.74	3415.36 3422.50 3427.02 2995.45	3.18	2,10	18.72	16.99	1685,40
48 Support Services(56)	3027.92	-0.1 3031,41 3036,50 3012,48 2108,71	1.67	2.44	30.64		1955.70
49 Transport(22)	2857 54	-0.3 2866.78 2858.60 2842.86 2308.55	3.37	1.25	29.57	8.35	1224.21
60 UTILITIES(31)	2729 30	2730.26 2748.13 2745.81 2451,37	4.90	1.49	17.07	5.34	1240.3B
62 Electricity(10)	2871.96	+0.1 2870.41 2875.05 2884,59 2771,44	5.86	2.20	9.68	22.08	1586.30
64 Gas Distribution(2)	1640.23	+1.0 1623.41 1658.74 1658.74 1581.85	7.44	\$	#	0.00	897.49
66 Telecommunications(8)	2293.55	-0.5 2305.42 2322.86 2316.31 2017.32	3.64	1.56	21,94		1082.93
68 Water(11)	2535.41	+0.8 2516.44 2525.55 2513.11 2084.10	<u>5</u> .97	2.31	8.22	0.00	1466.98
69 NON-FINANCIALS(681)	2167,21	+0.2 2162.97 2169.74 2162.15 1944.59	3.60	1,86	18.63	9.49	1693.67
70 FINANCIALS(108)	3929.62	+0.2 3921.81 3928.05 3916.09 2936.56	3.55	2.36	14.96	20.47	1743.25
71 Banks, Retail(6)	5739.58	-0.1 5743.1B 5748.87 5735.45 4157.57	3.40	2.65			1936.18
73 Insurance(18)	1726.90	+1.6 1699.73 1722.66 1726.33 1419.76	4.89	215			1341.70
74 Life Assurance(7)	4608.12	+0.7 4575.78 4583.31 4563.72 3547.42	3.48	2.13			1959.21
77 Other Financial(29)	3241.29	-0.2 3247.92 3215.77 3183.38 2533.52	3.18	2.02	19.55	1.32	1895.54
79 Property(44)	1898.70	-0.1 1900.77 1904,12 1887.57 1461.27	3.36	1.33			1201.74
80 INVESTMENT TRUSTS(127)	3354.51	3354,66 3358.01 3351.91 3126.23	2.15	1.12		_	1191,20
69 FTSE AH-Share(914)	2119.74	+0.2 2115.81 2121.62 2114.52 1840.77	3.54	1.95		_	
TSE Fledaino	1338.41			_	18,12		1845.01
TSE Fledging ex IT	1359.89	+0.1 1337.44 1338.47 1338.88 1153.90 +0.1 1358.91 1360.46 1358.96 1154.90	2.80				1427.52
Hourty movements	.000.00	70. 10.0231 1300.40 1300.80 1154,90	3.16	U.49	. 100,08	3.44	1452.92

Hourly movements

	oper	3.00	10.00	11.00	12.00	13.00	74,00	15.00	16.10	High/de	y Low/day
FTSE 100 FTSE 250 FTSE 350	2141.5	2143.6	2145,3	4683.7 2144.8	4663,4 2146,2	4663,4 2146.3	4862.4 2145.4	4562.9 2145.1	4682.8 2146.7	4664.1 2146.9	4326.2 4659.6 2141.5
Time of FTSE 10				31 AML FTS	SE 100 199	6/97 High:	4357.4 (16	V02/97) Lo	r: 0 (241)	2/96)	

FTSE 350 industry baskets

Open 8.00 10.00 11.00 12.00 15.00 14.00 15.00 16.10 Close Previous Ch

RIDG & CUSTICU	1305.3	1306.5	1305.6	1307.0	1307.1	1307,1	1307.1	1307.7	1307.3	1307.3	1306 0	+1.4
Pharmacsunicis	6291.6	5287.A	6293.6	6290.5	5294.2	6295.5	6296.B	6324.8	6340.4	6346.5	6202:1	+54.4
Water	2507,6	2508.5	2522.9	2573.2	2525.7	2525.7	2525.4	2627.7	2529 0	2520 0	2509.5	+20.4
Banks, Retail	5811.5	5826.4	5817.6	5802.8	5818.9	5817.2	5815.7	5811.5	5819.3	5812.8	5818,5	-8.7
For further inform	no noder	the FTSE	Actuarte	s Share	noices o	laces cor	Mart CTE	E leading	Alexand are	MT 44		
The FTSE Actual	nes snare	Indices i	are calcu	ated in a	CCOTTLER	e riske es	standard	and of g	round rui	es establ	ished by P	TSE
International in ca All Rights reserve	of FI-Si	E' and "F	ootsia a	re trade	marks of	the Long	ion Stock	uanes. C	FISE IN	temetion	al Limited	1997,
Exchange and Ti	ne Financi	ai Tores	and are	used by	FISE Inte	mational	Under	•				·_ ·

PROPOSED MODIFICATIONS OF THE LICENCE OF BRITISH **TELECOMMUNICATIONS (BT)**

PUBLIC NOTICES

1. The Director General of Telecomm ("the Director"), in accordance with section 12(2) of the Telecommunications Act 1984 (the "Act") hereby gives notice that he proposes to make modifications to the licence granted to British

Telecommunications ("87") on 22 June 1984. 2. The Director proposes to make the modifications, described in the schedule ("the modifications, described in the schedule ("the Schedule") to modify BT's obligations in relation to its international operations so that they are appropriate in the context of liberalization of the markets for international telecommunication

3. The Director is required by section (2(2) of the Act to consider any representations or objections which are duly made and not wididrawn. Following consultation and BT's agreement with them, the Director proposes to make the modifications forthwith

don procedure comprises two stages. In the first stage, representations on or objections to the proposed modifications may be made to Rosemary Buck, OFTEL, 50 Ludgate Hill, London EC4H 7] (telephone 0171 634 8822) by no later than 1 April 1997. 5. Any confidential material should be clearly marked as such and separated out into a confid

armex. All representations and objections receive by OFTEL, with the exception of material marked confidential, will be made available for inspection in OFTEL's library. Comments on this document (If they are relatively short) can also be sent to OFTEL at the following e-mail address: press.

6. In the second stage of consultation, interested parties are invited to send comments to OFTEL no

later than 15 April 1997 on the representations and objections received in the first stage. Copies of the proposed modifications can be obtained from Rosemary Buck at the above address (selephone 0171 634 8822).

> THE SCHEDULE Proposed Modifications of the BT Licence

It is proposed to make the following modifications: Deletion of Condition 48 (Other Arrangements For International Services). This condition will be enlaced by two conditions endded "Arrangem counting in Respect of International Connection rvices." The purpose of the condition "Arrangements For Proportionate Return" is to revent one-way bypass of the accounting rate

through oversess operators delivering all their traffic birough overseas operators serivering an over-trap to a UK, Affikee. The condition "Arrangements For Accounting in Respect of International Connection Services" is designed to operate in markets where there are restrictions at the far end in order to prevent abuse of the accounting rate system. Both these conditions replicate conditions which appear in the standard form International Facilities Licences in the standard operators to provide international facilities ("the IPL").

"Maintenance of Effective Compedition Where the Licensee Operates a System or Provides Service Overseas". This condition replicates a condition tion is to prevent any of a wide range of des which an overseas dominant operator or its UK affiliates might use to lever thems into the UK marker.

. The insertion of a new condition ent

CREDIT RATINGS in emerging markets

This directory lists for the first time in a single source over 1,000 credit ratings assigned by 34 rating agencies — nine international and 25 local — to emerging market fixed-income socurities in: rgentina * Bahrain * Bangladesh * Barbados * Belarus * Bolivia * Brazil * Balgaria * Chile China * Colombia * Cyprus * Czech Republic * Ecuador * Egypt * El Salvador * Greece Guatemala * Hong Kong * Hungary * Indiz * Indonesia * Israel * Jordan * Korea * Kuwait non • Liberia • Macan • Malaysia • México • Morocco • Oman • Pakistan • Panamu Paraguay * Peru * Philippines * Poland * Portugal * Qatar * Romania * Russia * Saudi Arabia Singapore • Slovak Republic • Slovenia • South Africa • Sri Lanka • Taiwan • Thailand • Tunisia

Turkey • United Arab Emirates • Uruguay • Ventzuela • Vletnam A directory of the agencies, their rating scales and criteria is also included in each edition.

In addition each agency's rating system has been translated into a CREM rating score for ease of comparison. Multiple ratings of sovereign debt have also been aggregated into a unique sovereign composite index and are listed alongside the individual issuer's CREM rating score to provide a universal means of comparison between local currency debt from different countries.

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FT Credit Ratings in Emerging Markets is indispensable to:

◆ International fund managers ◆ lavestors ◆ Investment advisers and lenders with exposure to emerging markets

◆ Traders of long-term and short-term debt ◆ Corporate and sovereign borrowers ◆ Regulators

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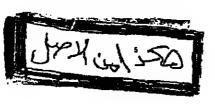
High prices for hardwoods ensure that loggers have on qualum about destroying other trees that stand in their way. So a WWF project in Costa Ricz is researching ways of felling a tree without bringing down several others around it. And how to remove it without helldoring a path through the surrounding trees. If the prinferent are used wisely, they can be used forever. Help WWF prove

> dis in minforces around the world, by writing to the Membership Officer at the



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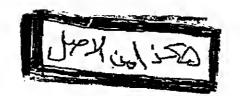
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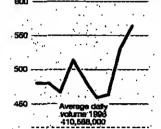
session

Trading in US shares was littery amid continued wor-Bransten in New York.

The Dow Jones Industrial Average bounced around during the morning before added \$1% at \$125% in spite settling by 1pm with a loss of 20.39 at 6.962.79. Tha Standard & Poor's 500 lost that it would sell off three 3.08 at 802.60. Volume on the asset management lines, say-New York Stock Exchange came to 243m shares.

On Wednesday Mr Alan Greenspan, chairman of the Federal Reserve, disturbed

NYSE volume



Feb 1997 the market when he told the Senate hanking committee that the Fed could not rule

14 17 18 19 30 21 24 25 25 27

out a pre-emptive tightening. Technology shares were particularly hard hit as the market reacted negatively to huy US Robotics, a maker of computer modems. The technology-rich Nasdag composite shed 8.23 at 1,332.32 Exchange technology index

Shares in 3Com dropped \$2% or 7 per cent to \$36% BCE fell C\$1.85 to C\$67.35. while US Robotics added \$2 at \$63. Competing computer networking companies were which is the third largest on the upside, gaining 95 company on the Nasdaq, cents to C\$48.90.

profit-taking in blue chips

Cintra, the airline holding

company, gave up 18 centa-

vos to 6.46 pesos, which ana-

lysts attributed to the

1996 earnings report which

came after the market closed

als had another dreary day

and at the close the all-share

index showed modest losses.

traded. Vaal Reefs jumped

R7 to R350 and Kloof surged

NATIONAL AND

Austria (24)

Gold shares were heavily

on Wednesday.

MEXICO CITY saw further the holding company.

after its record-setting run at the steel tubes manufac-

the start of the week and, by turer, picked up 70 centavos

midsession, the IPC index to 132.70 pesos in response to

was 35.86 Weaker at 3,854.29. substantially improved 1996

Jo'burg industrials decline

R1.65 to R4L The driving stayed friendless, slipping a

force was the hullion price further 10 cents to R49.90.

FT/S&P ACTUARIES WORLD INDICES

shed \$1% at \$56% and Cascade Communications was off \$1 at \$31%.

Large capitalisation techries that the Federal Reserve nology companies were might raise interest rates in mostly lower. Intel shed \$2 the near term, writes Lisa at \$144%, Microsoft lost \$1% at \$99 and Oracle was \$% weaker at \$40%.

> Eisewhere, NationsBank of the falling market. The bank said late on Wednesday ing it wanted to focus on managing assets for consumers and small corporations.

RJR Nabisco lost \$% at \$37 on news that Mr Carl lcahn, the corporate raider, had sold all of his shares in the tobacco and food company. Mr Icahn had threatened to seize control of the company and spin off lts food

McDonald's continued to slide on reports that it planned to slash the price of its Big Mac hamburger sold with a full-priced drink and french fries. Shares in the company, which slid \$2½ on Wednesday, dropped another \$1 yesterday hringing the price to \$43%.

TORONTO continued to move lower in spite of a strong showing for gold shares. At the noon calculation, the 300 composite index was off 3.13 at 6.198.30.

"The market would have been far flatter if golds had not bounced on the better Wednesday's news that trader. The golds sector rose 3Com, a computer network- 2.2 per cent with leading ing company, had agreed to stocks in demand. Placer Dome gained 85 cents to C\$29.70.

However, the broad market stayed in the doldrums. and the Pacific Stock BCE, the telecoms giant, came off steeply after its Bell Canada unit made downbeat comments about earnings.

Agains the trend, Tamsa,

SAO PAULO was weak at

Seagram shed 30 cents to C\$54.50 and Hudson's Bay came off 25 cents to C\$26.90. also lower, Cisco Systems, Alcan Aluminium stood out

Profits taken in Mexico Bethan Hutton.

An estimated 300m first-1.413.39. The

midsession, taking its lead slipped 0.39 to 271.25. from Wall Street, and the In the morning, the marshars's sharp rise since it Bovespa index gave up 537 to ket was depressed by Wall was listed last year, rather 88,741. CVRD, the mining Street's fall, following comthan disappointment with its giant, overcame an early ments by Mr Alan Greentumble to trade up R\$0.22 at span, chairman of the US R\$30.90 as the planning min-Federal Reserve, ahout ister said that the governexcessive stock market opti-Profit-taking was also said ment was in the final phase mism, but later some buying to be behind a 60 centavo fall of preparing the bid specifiof blue-chip stocks caused a to 42 pesos in Moderna, cations for the mining giant.

Honda was one of the day's better performers: it Golds raced ahead in which climbed back above Johanneshurg, but industri- \$360, helped hy a slightly weaker rand. The golds index ended the session up 44.6 or 3 per cent at 1,588.1. Industrials, however. came off 55.1 to 8,323.7 for a two-day decline of more

Frankfurt buzzes while Dax peaks again

EUROPE Blue chips and mid-caps figured in both leaders and laggards as FRANKFURT's

Dax index peaked again, closing 27.56 higher at an Ibis-indicated 3,272.58 in turnover of DM13.6bn. The bourse was a hive of corporate stories. In the

automotive sector, favoured by the dollar, Volkswagen climbed DM18.50 to DM812.50 after an 18 per cent rise in its January unit sales, and Porsche prefs by DM53 to DM1,933 on plans for a sports utility vehicle. Varta, DM13.50 or 5.2 per cent to DM275 on a forecast return tor's 1996-97 recovery prosto profits this year. But pects. BMW fell DM13 to DM1,135. and MAN shed DM7.50 at DM433.50 as the truckmaker

Other blue-chip winners included Thyssen, hroker 2,629.40. recommended on Monday and extending the week's gains with a rise of DM17.45 or 5 per cent to DM364.20; and Karstadt, DM17 higher at DM554 after a magazine report said that major shareholders in the German retailer were in favour of a

and engineer foreshadowed

flat profits in 1996-97.

Mid-caps saw Wella prefs DM44 higher at DM904 on technical factors and the strength of the dollar. Holz- hit motor sector. Peugeot mann, at the weak end of put on FFr14 to FFr587.

change in management.

FTSE Actuaries Share Indices THE EUROPEAN SERIES

Danone jumped FFr23 to

FFr885 on a strong rumour

that Unilever was casting its

eye over the French foods

Paribas put on FFr2.40 to

FFr397.40 after a return to

profits for 1996 and talk of a

link-up with BNP, FFr1.10

The day's main dull spot

was AGF, the insurer, which

fell FFr10.60 or 4.8 per cent

to FFr208.9 in heavy volume.

taking: takeover talk had

hoisted the shares by more

than 30 per cent over the

AMSTERDAM traded qui-

ABN Amro and a flurry of

providing the day's main

The AEX index closed 3.36

rumours at Unilever

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harder at FFr253.

past four weeks.

talking points.

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the construction sector, took its recovery to 47 per cent since December 23 with a gain of DM20 at DM492. But Computer 2000, the Viag subsidiary, shed DM18 at DM330 after losses at its US unit, the batterymaker, rose Ameriquest, put a dampener on the computer distribu-

> PARIS moved higher thanks to a number of earnings-driven gains and another day of rebound for motor stocks. The CAC 40 index closed up 27.23 at

Both Legrand and Carrefour continued to warm to Wednesday's strong results statements, with the former up FFr37.00 or 3.8 per cent to FFr1.013 and Carrefour adding FFr66 at FFr3,547. But Renault was the day's

Maritime Commission said it

would impose US\$100,000

port surcharges on Japanese

ships, in retaliation for what

It called "restrictive prac-

Shares in the three Japa-

nese shipping companies

named in the statement all

fell: Kawasaki Kisen dropped

Y8 to Y248, Mitsui OSK

Lines Y6 to Y249, and Nip-

towards the safety of

stocks. Sony firmed Y40 to

Y8,860, NEC Y10 to Y1,410,

Fujitsu Y10 to Y1,210 and

Green Cross, the troubled pharmaceutical company,

made a partial recovery from

the past few days' falls, end-

bered risers by 685 to 394.

unchanged. In London, the

ISE/Nikkei 50 index gained

In Osaka, the OSE ended

TAIPEf rallied on bargain-

hunting, recovering more

than half of Wednesday's

losses. The weighted index

added 101.58 or 1.3 per cent

2.33 higher at 19,693.40, in

volume of 111.25m shares.

Declining shares outnum-

NTT Y11,000 to Y893,000.

ing Y7 higher at Y505.

0.19 at 1,448.71.

strong at T\$117bn.

international

In the absence of other

tices" at Japanese ports.

lower at 747.15. ABN's best bargain, rising FFr6.10 to FFr130 for a two-day results were up to market advance of more than 7 per estimates and there was cent as sentiment swung news of a share split and plans for a listing in New back in favour of the hard-York. But the bank refused

signal for profit-taking.

created by high stock markets", ABN declined to confirm analysts' hopes for higher earnings this year. Heavily traded in 4.6m, the shares ended down F1240 at

F1 370.70 after talk of a bid for Danone, the French foods group, ran round the market. One trader said: "We have beard this one before. It's a Paris story. I'm not sure people here take it seri-

Brokers hlamed profitalmost 10 per cent.

foray into record territory before profit-taking and sharp falls in ABB and SMH brought the market hack atly with uncertainty at down to earth. The SMI index finished 19.3 lower at 4,519.7, after 4,570.5.

ABB, the Swiss-Swedish engineering group, tumbled 5.3 per cent as the 1996 results proved below expectations and the company's forecast for 1997 failed to

for 1997 and this acted as a

Given the "uncertainties

Unilever eased Fl 4.80 to Akzo Nobel improved ini-

tially on news of in-line earnings but came off in late trading to close down Fl 4.10 at F1 279. Gist-Brocades, huoyed by strong results on Wednesday, rose F13.00 to FI 65.20 for a two-day gain of

ZURICH made another

to be drawn on the outlook SFr1,714, made a volatile two-day gain of 4.6 per cent.



start to the year, rocketing up 10.8 per cent to SFr1,845 in the six weeks to February

The state of the s

SMH, the Swatch watch maker continued to be punished for Wednesday's lower than expected 1996 figures. The shares, down 7.4 per cent on Wednesday, lost another SFr23 to SFr843 yesterday.

MADRID's general index

rose 3.74 to 469.50 with cor-

porate results helping to

give the market some direction. Gas Natural rose Pta to Pta31,890 on a 35 per cent rise in profits; and the retail sector extended its gains after Wednesday's hetterthan-expected results from inspire investors. The Pryca, which rose another shares, down SFr96 at Pta45 to Pta2,725 for a

STOCKHOLM crept ahead although the Swedish quoted shares of ABB followed their Swiss counterparts sharply down. The general index rose 2.82 to 2,665.98 as ABB

lost SKr55 to SKr850. Overseas demand helped Skandia higher as tha insurer unveiled strong US sales for its AFS life insurance subsidiary. The shares

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STOCK MARKET INDICES

Minimum. Page 13

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jumped SKr9.5 to SKr230.5. ATHENS plunged 6 per cent in hectic trade as investors absorbed Wednesday's warning from the capital market commission against speculation and investment decisions based on little more than market rumours.

One analyst said, however, that the warning was the occasion and not the real cause, of the tumble. The market had been due for a correction after its sharp appreciation since the start of tha year. Retail investors, usually the first to panic, were selling to move out of equities, he said, hut funds were simply taking profits.

The general index closed 86.44 lower at 1,367.16 in turnover of Dr30.8bn. The financial and construction sectors, which led the market in recent sessions, were the biggest losers, dropping 7.3 and 7.2 per cent

Written and edited by William Cochrane, Michael Morgan and

Pre-budget optimism takes Bombay up 1.9%

ASIA PACIFIC

Optimism ahead of today's budget helped BOMBAY up 1.9 per cent, The BSE-30 index added 62.90 to 3,427.87, as investors squared positions on the last day of the weekly account. Analysts said that most

market expectations for the budget were very low, so few disappointments were likely to emerge. At the same time, how-

ever, there was nascent hope that the government would announce strong steps to revive a slowing economy and boost the markets. TOKYO volume continued

to drop as the Nikkei average eventually regained the 19,000 level, but the more broadly-based Topix index fell back slightly, writes

section shares changed hands, down from 383.15m as the 225 index closed 30.64 higher at 19.021.56 and the Topix index of all first- pon Yusen Y3 to Y480. section sbares eased 2.81 to capital- market-moving news, an Weighted Nikkel 300 index buying interest drifted

mild recovery.

reached an all-time high of while 167 issues were Y3.810 during the morning session, but weakened slightly in the afternoon, ending the day Y100 higher at Y3,750. Carmakers were generally positive after the announcement of a 34 per cent increase in vehicle exports in January. Toyota rose Y50 to Y3,180 and almost 4 per cent, rising than 100 points. Sasol Suzuki gained Y20 to Y1,150. Shipping companies came

under pressure after the US

US Dollar index

Gross Div. Yield

Electronics shares climbed 3.1 per cent. Asustek, which listed in November at an Indices rebased. underwriting price of T\$108, rose by the daily 7 per cent limit of T\$32 to T\$497. BANGKOK fell sharply as renewed rumours about the health of local finance com-

> ing. The SET index closed off 13.81 or 1.9 per cent at 726.01. Financials took the downswing on the chin, the finance and banking sectors tumbling 5.1 per cent and 2.4 per cent respectively. Finance One fell Bt2.50 to Bt25.50.

panies prompted heavy sell-

Thai Farmers Bank lost Bt5 to Bt110 and Krung That Bank came off Bt1 to Bt39.50. JAKARTA fell back from a

index at 709.92. During morning trading, the index briefly touched an intra-day peak of 717.47.

Brokers attributed the downswing in sentiment to Sampoerna, the clgarette giant, which released results short of market expectations. The shares came off Rp1,050 to Rp13,300.

KARACHI tumhled 2.5 per cent as small investors took profits in blue chips. The KSE-100 index dropped 42.60 to 1,699.39 as Lever Bros fell Rs10 to Rs730 and Engro lost Rs9 to Rs195. SEOUL lost ground as

record high, ending 2.69 for a debt repayment lower with the composite brought back unhappy memories of January's Hanbo Steel loan scandal. The composite index fell 10.30 to 669.41, also hurt by a late round of foreign selling. Sammi went limit down.

off Won170 at Won2.040 although it denied the rumours, its sister company, Sammi Steel, lost Won320 to its limit of Won3,700.

stocks were badly hit hy the rumours. The bank sector sub-index declined 4.5 per cent while securities shares fell nearly 7 per cent. SYDNEY reacted ner-

had missed the first deadline with the All Ordinaries dominated sentiment.

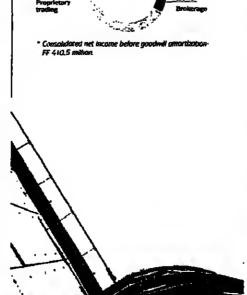
index down 18.4 to 2.464.7. Dealers said the market focused on the interest ratesensitive banking sector. Westpac came off 9 cents to A\$7.36 and NAB 17 cents to A\$16.31. Commonwealth dropped 17 cents to A\$13.02. BHP fell 25 cents to A\$17.30 and News Corp. up strongly on Tuesday on news of a big US TV deal,

eased 10 cents to A\$6.98. WELLINGTON gave np 15.96 to 2,274.19 on turnover of NZ\$125m. NZ Telecom ended off 5 cents at NZ\$6.45 after falling steeply at the --opening. At one stage, the shares were off 18 cents as vously to the overnight slide selling to meet the group's rumours that Sammi Corp on Wall Street, closing share buy-hack programme...

CROUPE BANCAIRE DE CESTION ET D'INTERMEDIATION

RESULTS FOR THE YEAR 1996

	1996	96/95
Net banking income	FF non 2,270	+ 22%
Gross operating income	FF own 771	+ 38%
Net income	FF ma 361	+28%
Return on equity	12.4%	



CORPORATE COMMUNICATIONS

28% RISE IN NET INCOME

Net banking income rose sharply for the three businesses.

The ratio of operating costs to net banking income dropped from

Net income increased by 28% (35% prior to a provision of FF 20 million for general banking risks - FGBR).

Provision was made for additional costs related to the move to the single

Tier 1 and tier 2 capital reached FF 4,443 million.

These good results have allowed CPR to raise its gross dividend* to FF 33 (including the tax credit) and to increase total distribution by 17%, or 65% of act income.

Proposed to the general meeting of May 15, 1997, along with the option to co-

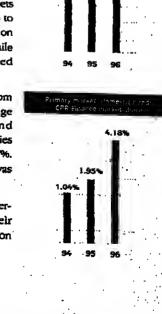
All three businesses contributed to the growth in income.

- Proprietary trading: CPR has continued its arhitrage activities and has emphasized, in the United States as in France, the development of its activities on the equities market.

- CPR Gestion: The volume of assets under management rose by 17% to FF 63 billion. Investors focused on long-term rates and equities, while money market assets remained

- CPR Finance: Overall income from corporate finance and hrokerage services for fixed income and foreign exchange products, equities and derivatives advanced by 27%. Activity on the primary markets was considerably strengthened.

- Overall, the group's other brokerage subsidiaries increased their market share and their contribution to consolidated net income.



Outlook

The euro's impending arrival has particularly mobilized CPR's energies. By simplifying our legal framework in 1997, we will have an optimal structure for developing our three businesses and reinforcing synergies among our various teams. On the equity and bond markets. our teams' dynamism and the creativity of our research are our principal strengths. They allow us to consider the single currency and the development of new technologies as exceptional opportunities to offer new services and broaden our customer base.

> Henri Cukierman Chairman of CPR

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